PRELIMINARY OFFERING MEMORANDUM **STRICTLY CONFIDENTIAL**

$430,000,000

SURGERY PARTNERS

Surgery Center Holdings, Inc.

% Senior Notes due 2027
Offering Price: %

We are offering $430.0 million of our % Senior Notes due 2027 (the "notes" or the "Notes"). The notes will mature on , 2027. The notes will bear interest at a rate of % per year, payable semi-annually in cash in arrears on and of each year, beginning on , 2019.

Guarantees — The notes will be guaranteed on a senior unsecured basis by each of our current domestic wholly owned restricted subsidiaries that guarantees the Senior Secured Credit Facilities (as defined herein) and, subject to certain exceptions, each of our future domestic wholly owned restricted subsidiaries that guarantees the Senior Secured Credit Facilities, subject to certain exceptions as further described under "Description of Notes — Guarantees."

Ranking — The notes will be our senior unsecured obligations, will rank equally with all of our existing and future senior unsecured debt and will be senior to all of our existing and future subordinated debt. In addition, the notes will be effectively subordinated in right of payment to all of our and the guarantors' existing and future secured indebtedness, including under our Senior Secured Credit Facilities, to the extent of the value of the collateral securing such indebtedness and will be structurally subordinated in right of payment to all of our non-guarantor subsidiaries' existing and future indebtedness and other liabilities. See "Description of Notes."

Optional Redemption — We may redeem the notes, in whole or in part, at any time prior to , 2022 at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a make whole premium. We may redeem all or part of the notes on or after , 2022 at the redemption prices set forth herein. At any time prior to , 2022 we may also redeem up to 40% of the aggregate principal amount of the notes with an amount not to exceed the net cash proceeds from certain equity offerings. See "Description of Notes — Optional Redemption."

Mandatory Offers to Repurchase — If we sell certain assets and do not repay certain debt or reinvest the proceeds of such sales within certain time periods, we must offer to repurchase the notes at 100% of their principal amount plus accrued and unpaid interest to, but excluding, the date of purchase, as described herein under "Description of Notes — Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock." If we experience certain kinds of changes of control, we must offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of purchase. See "Description of Notes — Change of Control."

Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page 18.

We have not registered, and are under no obligation to register, the notes or the guarantees under the Securities Act of 1933, as amended (the "Securities Act"), any other federal securities laws or the laws of any state. The initial purchasers named below are offering the notes only to "qualified institutional buyers" under Rule 144A of the Securities Act ("Rule 144A") or to persons outside of the United States in compliance with Regulation S of the Securities Act ("Regulation S"). See "Plan of Distribution" as well as "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

The initial purchasers expect to deliver the notes to investors only in book-entry form through the facilities of the Depository Trust Company against payment on , 2019.

Joint Book-Running Managers

Jefferies **KKR** **Macquarie Capital**

Offering Memorandum dated , 2019.

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Neither we nor the initial purchasers have authorized anyone to provide you with any information other than that contained in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you.

We and the initial purchasers are offering to sell the notes only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this offering memorandum.

CERTAIN TERMS USED IN THIS OFFERING MEMORANDUM

Unless otherwise indicated or the context otherwise requires, references in this offering memorandum to the terms below will have the following meanings:

- "Issuer" or "Surgery Center Holdings" refers solely to Surgery Center Holdings, Inc. and not to any of its subsidiaries or affiliates;
- the "Company," "Surgery Partners," "we," "us" and "our" refer to Surgery Partners, Inc., a Delaware corporation, and its consolidated subsidiaries, including the Issuer and the guarantors;
- the "Parent" refers solely to Surgery Partners, Inc., and not its subsidiaries or affiliates;
- "guarantors" refers to those certain of the Issuer's subsidiaries that will guarantee on a senior unsecured basis the Issuer's obligations under the notes;
- "initial purchasers" refers to the firms listed on the bottom of the front cover of this offering memorandum; and
- "Bain Capital" refers to BCPE Seminole Holdings LP, an entity advised by Bain Capital Private Equity, LP, which owns a controlling equity interest in the Company.

See "Summary — Corporate Structure" for additional information regarding our corporate structure.

NOTICE TO INVESTORS

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the notes may not be offered or sold, directly or indirectly, and this offering memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any notes. Neither we nor any of the initial purchasers are responsible for your compliance with these legal requirements. See also "Transfer Restrictions" and "Plan of Distribution."

The notes described in this offering memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offence.

You should read this offering memorandum before making a decision whether to purchase any notes. In making your investment decision, you should rely only on the information contained or incorporated by reference in this offering memorandum. Neither we nor any of the initial purchasers has authorized anyone to provide you with any information or represent anything about us, our financial results or this offering that is not contained or incorporated by reference in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the initial purchasers or us. Neither we nor the initial purchasers are making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. The information contained in this offering memorandum is provided by us as of the date of this offering memorandum, and we do not undertake any obligation to update any information contained in this document as a result of new information, future events or otherwise.

This offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under the caption "Transfer Restrictions."

This offering memorandum is a confidential document that we are providing only to prospective purchasers of the notes. This offering memorandum is being provided (1) to a limited number of United States investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A under the Securities Act for informational use solely in connection with their consideration of the purchase of the notes and (2) to investors outside the United States who are not U.S. persons in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the initial purchasers of the notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. You agree that you will hold the information contained in this offering memorandum and the transactions contemplated hereby in confidence. You must not use this offering memorandum for any other purpose, make copies of any part of this offering memorandum or give a copy of it to any other person. You also agree that you will not disclose any information in this offering memorandum or distribute this offering memorandum to any other person, other than persons retained to advise you in connection with the purchase of the notes.

The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "Book Entry, Delivery and Form," is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC. We will not, nor will any of our agents, have responsibility for the performance of the obligations of DTC or its participants under the rules and procedures governing its operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

The Issuer is offering the notes and the guarantors are issuing the guarantees, in reliance on an exemption from registration under the Securities Act for an offer and sale of securities that do not involve a public offering. Accordingly, the notes and the guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The notes are subject to restrictions on transferability and resale, which are described under "Plan of Distribution" and "Transfer Restrictions." By possessing this offering memorandum or purchasing any note, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

We reserve the right to withdraw this offering at any time. We are making this offering subject to the terms described in this offering memorandum. We and the initial purchasers may reject any offer to purchase the notes in whole or in part and to allot to any prospective purchaser less than the amount of the notes sought by it. The initial purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the notes.

You are advised to consult your own tax advisors as to the consequences of purchasing, holding and disposing of the notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the notes at a price other than the initial issue price. See "Certain United States Federal Income Tax Considerations."

We have prepared this offering memorandum and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the notes. You may contact us if you need any additional information. By purchasing any notes, you will be deemed to have acknowledged that:

- **you have reviewed this offering memorandum;**
- **you have had an opportunity to request any additional information that you need from us;**
- **the initial purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum; and**
- **we are not making any representation to you concerning our future performance.**

We are not providing you with any legal, business, tax or any other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you of whether you are legally permitted to purchase notes.

If you are in any doubt about the contents of this offering memorandum you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NON-GAAP FINANCIAL MEASURES

We believe that the financial statements included in this offering memorandum have been prepared in a manner that complies, in all material respects, with generally accepted accounting principles in the United States of America ("GAAP") and the regulations published by the SEC, with the exception of the presentation of certain non-GAAP financial measures ("non-GAAP Measures") which are presented as a supplement to our results presented in accordance with GAAP.

These non-GAAP Measures, as well as other statistical measures, including Credit Agreement EBITDA (as defined herein), and Adjusted EBITDA (as defined herein) are presented because management believes these measures provide additional information regarding the Company's performance and the Issuer's ability to service debt, and because we believe they are useful to investors in evaluating operating performance compared to that of other companies in our industry.

In addition, management believes that these measures are useful to assess the Company's operating performance trends because they exclude certain material non-cash items, unusual or non-recurring items that are not expected to continue in the future, and certain other items. The non-GAAP Measures are not presented in accordance with GAAP, and the Company's computation of these non-GAAP Measures may vary from those used by other companies.

All non-GAAP Measures, including Credit Agreement EBITDA and Adjusted EBITDA, have limitations as analytical tools, and should not be considered in isolation or as a substitute or alternative to net income or loss, operating income or loss, cash flows from operating activities, total indebtedness or any other financial measures of operating performance, liquidity, indebtedness or otherwise derived in accordance with GAAP. We compensate for the limitations of non-GAAP Measures by relying primarily on our financial measures derived in accordance with GAAP and using Credit Agreement EBITDA and Adjusted EBITDA only for supplemental purposes. The presentation of Credit Agreement EBITDA and Adjusted EBITDA should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items.

For the definition of and additional information about Credit Agreement EBITDA and Adjusted EBITDA, as well as a description of how these measures are calculated and a reconciliation to the most directly comparable GAAP measure, see "Summary — Summary Historical Condensed Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Non-GAAP Metrics."

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Historical Financial Statements of Surgery Partners

Parent is a holding company, and its sole material asset is an equity interest in Surgery Center Holdings, LLC, which is an indirect parent of the Issuer. This offering memorandum contains the consolidated financial statements, selected consolidated historical financial data and other financial information of Parent and its consolidated subsidiaries (including Surgery Center Holdings and its subsidiaries).

MARKET, RANKING AND OTHER INDUSTRY DATA

We obtained market, industry and other data in this offering memorandum from our own internal estimates and research as well as from third party sources, including industry and general publications and research, surveys and studies. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source and neither we nor the initial purchasers can guarantee the accuracy or completeness of any such information contained in this offering memorandum.

TRADEMARKS AND SERVICE MARKS

We own or have rights to trademarks and service marks that we use in connection with the operation of our business, including our corporate names, tag-lines, logos and website names. All other trademarks or service marks appearing in this offering memorandum that are not identified as marks owned by us are the property of their respective owners. Solely for convenience, the trademarks, service marks and trade names referred to in this offering memorandum are listed without the ®, (sm) and (TM) symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum, as well as our 2018 10-K (which is incorporated by reference herein and is defined below), each, contains "forward-looking statements." Forward-looking statements may be identified by their use of terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and other similar terms (or the negative of such terms) and include statements regarding the use of proceeds of the notes. These forward-looking statements include, but are not limited to, statements concerning the following:

- the impact of future legislation and other healthcare regulatory reform actions, and the effect of that legislation and other regulatory actions on our business;
- our ability to comply with current healthcare laws and regulations;
- reductions in payments from government healthcare programs and managed care organizations;
- our ability to contract with private third-party payors;
- changes in our payor mix or surgical case mix;
- failure to maintain or develop relationships with our physicians on beneficial terms, or at all;
- the impact of payor controls designed to reduce the number of surgical procedures;

- our efforts to integrate operations of acquired businesses and surgical facilities, attract new physician partners, or acquire additional surgical facilities;
- shortages or quality control issues with surgery-related products, equipment and medical supplies;
- competition for physicians, nurses, strategic relationships, acquisitions and managed care contracts;
- our ability to attract and retain qualified healthcare professionals;
- our ability to enforce non-compete restrictions against our physicians;
- our ability to manage material liabilities whether known or unknown incurred as a result of acquiring surgical facilities;
- economic and competitive conditions;
- the outcome of legal and regulatory proceedings that have been or may be brought against us;
- changes in the regulatory, economic and other conditions of the states where our surgical facilities are located;
- substantial payments we are required to make under the tax receivable agreement; and
- our substantial indebtedness.

Forward-looking statements are subject to a number of risks and uncertainties that could cause our actual results to differ materially from those described in or implied by the forward-looking statements. The reader should not place considerable weight on forward-looking statements. Such statements are made as of the date of this offering memorandum or the date of our 2018 10-K, which is incorporated by reference herein, as applicable, and we undertake no obligation to update such statements. Risks and uncertainties that could cause our actual results to differ materially from those described in or implied by forward-looking statements include those discussed in this offering memorandum under the heading "Risk Factors," and elsewhere in this offering memorandum and in the section entitled "Risk Factors" in our 2018 10-K, which is incorporated by reference herein.

WHERE YOU CAN FIND MORE INFORMATION

We make available on or through the "Investors-SEC Filings" page of our website at www.surgerypartners.com, free of charge, copies of reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports (along with certain other Company filings with the SEC), as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC. The information found on, or otherwise accessible through, our website is not incorporated by reference into, nor does it form a part of, this offering memorandum.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We incorporate by reference into this offering memorandum certain information that Surgery Partners, Inc. files with the SEC, which means we can disclose important information to you by referring you to those documents. We incorporate by reference into this offering memorandum (other than portions of these documents that are either (1) described in paragraphs (d)(1), (d)(2), (d)(3) or (e)(5) of Item 407 of Regulation S-K promulgated by the SEC or (2) furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K), unless otherwise indicated therein that such items are intended to be "filed" under the Exchange Act:

- Surgery Partners' Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 15, 2019 (the "2018 10-K");
- Surgery Partners' Current Report on Form 8-K filed with the SEC on February 12, 2019;
- Surgery Partners' definitive proxy statement filed with the SEC on April 19, 2018; and

- information contained in reports or documents that Surgery Partners files with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this offering memorandum until the sale of all of the notes covered by this offering memorandum or the termination of this offering.

The information incorporated by reference contains important information about us and our financial condition, and is considered to be part of this offering memorandum. Any statement contained in a document incorporated or deemed to be incorporated by reference into this offering memorandum will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference into this offering memorandum modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

Documents incorporated by reference are available from us without charge, excluding all exhibits, except that if we have specifically incorporated by reference an exhibit into this offering memorandum, the exhibit will also be provided without charge. You may obtain documents incorporated by reference into this offering memorandum by requesting them in writing or by calling us at the following address or telephone number, as applicable, attention Investor Relations:

Surgery Partners, Inc.
310 Seven Springs Way, Suite 500
Brentwood, TN 37027
(615) 234-5900

You should rely only upon the information contained or incorporated by reference in this offering memorandum. We have not authorized anyone to provide you with different information. You should not assume that the information in this offering memorandum is accurate as of any date other than the date of this offering memorandum.

SUMMARY

This summary highlights selected information about us and this offering. This information is not complete and does not contain all the information you should consider before investing in the notes or our common stock. You should carefully read this entire offering memorandum including the section entitled "Risk Factors" included elsewhere in this offering memorandum, the section entitled "Risk Factors" included in our 2018 10-K, which is incorporated by reference herein, and the financial statements and the other information included or incorporated by reference in this offering memorandum, before making an investment decision.

Our Company

As of December 31, 2018, we owned or operated primarily in partnership with physicians, a portfolio of 123 surgical facilities in the United States comprised of 108 ambulatory surgical centers ("ASCs") and 15 surgical hospitals ("surgical hospitals," and together with ASCs referred to as "surgical facilities" or "facilities") across 31 states and we owned a majority interest in 84 of these facilities. During 2018, our physicians provided services to patients in our surgical facilities generating approximately $1.7 billion in revenue.

Our Growth Strategies

Our differentiated operating model employs a multifaceted strategy to grow revenue, earnings and cash flow. We believe the following are key components to this strategy:

- Deliver outstanding patient care and clinical outcomes;
- Continue to execute and expand upon our physician engagement strategy in attractive markets;
- Become the partner of choice for physicians seeking to become or stay independent;
- Drive organic growth at existing facilities through targeted physician recruitment, service line expansion and implementing our efficient operating model;
- Seek partnership opportunities with payors to make healthcare more affordable for their members;
- Continue our disciplined acquisition strategy;
- Introduce new service offerings to provide a more comprehensive continuum of care; and
- Enhance operational efficiencies and productivity by delivering on integration.

In addition, we believe favorable industry trends such as an aging population and advancements in medical technology will further drive growth.

Operations

We operate in three reporting segments: surgical facility services, ancillary services and optical services.

- Our surgical facility services segment consists of the operation of ASCs and surgical hospitals, and includes our anesthesia services. Our surgical facilities primarily provide non-emergency surgical procedures across many specialties, including, among others, gastroenterology, general surgery, ophthalmology, orthopedics, and pain management.
- Our ancillary services segment consists of a diagnostic laboratory and multi-specialty physician practices. These physician practices include our owned and operated physician practices pursuant to long-term management service agreements.
- Our optical services segment consists of an optical products group purchasing organization, and until October 2018, an optical laboratory that manufactured eyewear.

Surgical Facility Services Segment

Surgical Facility Operations

As of December 31, 2018, we owned (primarily with physician investors or healthcare systems) or operated 123 surgical facilities, including 15 licensed hospitals. Our surgical facility services segment contributed approximately 95%, 93% and 91% of our total revenue in 2018, 2017 and 2016, respectively.

Our typical ASC is a free-standing facility that performs planned surgical procedures on an outpatient basis for patients not requiring hospitalization and for whom an overnight stay is not expected after surgery. Each center typically has one to four operating or procedure rooms with areas for reception, pre-operative care, recovery and administration. The staff of our ASCs generally includes a center administrator, registered nurses, operating room technicians, as well as other administrative staff.

Our surgical hospitals are generally larger than our ASCs and include inpatient hospital rooms and, in two cases, a limited scope emergency department. Our surgical hospitals also provide ancillary services such as diagnostic imaging, pharmacy, laboratory, obstetrics, physical therapy, oncology and wound care.

We operate both multi-specialty and single-specialty facilities. In multi-specialty facilities, a variety of surgical procedures are performed, including, among others, gastroenterology, general surgery, ophthalmology, orthopedics and pain management. We have diversified the mix of procedures performed at our facilities by strategically introducing select specialties that will complement existing facilities. In many cases, we keep certain facilities as single-specialty where it suits an individual facility or market demand.

Our surgical facilities are generally located in close proximity to physicians' offices. We provide each of our surgical facilities with a full range of financial, marketing and operating services. For example, our regional managed care directors assist the local management team at each of our surgical facilities in developing relationships with managed care providers and negotiating managed care contracts.

Surgical Facility Ownership Structure

We own and operate our surgical facilities through partnerships or limited liability companies with physicians, physician groups and healthcare systems. One of our wholly-owned subsidiaries typically serves as the general partner or managing member of our surgical facilities. We generally seek to own a majority interest in our surgical facilities, or otherwise have sufficient control over the facilities to be able to consolidate the financial results of operations of the facilities with ours. In some instances, we will acquire ownership in a surgical facility with the prior owners retaining ownership, and, in some cases, we offer new ownership to other physicians or healthcare systems. We hold majority ownership in 84 of the 123 surgical facilities in which we own an interest. We provide intercompany loans to some of the surgical facilities which often are secured by a pledge of assets of the facility. We also have a management agreement with the majority of our surgical facilities, under which we provide day-to-day management services for a management fee, which is typically equal to a percentage of the facility revenue.

Strategic Relationships

When attractive opportunities arise, we may develop, acquire or operate surgical facilities through strategic relationships with payors, healthcare systems, and other healthcare providers. We believe that forming such relationships can enhance our ability to attract physicians and access favorable managed care contracts for our surgical facilities in that market.

The strategic relationships through which we own and operate surgical facilities are governed by partnership and operating agreements that are generally comparable to the partnership and operating agreements of the other surgical facilities in which we own an interest. The primary difference between the structure of these strategic relationships and the other surgical facilities in which we hold ownership is that, in these strategic relationships, a healthcare system holds ownership in the surgical facility, in addition to physician investors. In each of these strategic relationships, we also have entered into a management agreement under which we provide day-to-day management services for a management fee equal to a percentage of the revenues of

the surgical facility. The terms of those management agreements are comparable to the terms of our management agreements with other surgical facilities in which we own an interest.

Sources of Revenue

Revenue from our surgical facilities is earned from facility fees related to healthcare services performed in our surgical facilities and is included in our patient service revenues. The fee charged for surgical services varies depending on the type of service provided, but usually includes all charges for usage of an operating room, a recovery room, special equipment, supplies, nursing staff and/or medications. Our fees do not typically include professional fees charged by the patient's surgeon, anesthesiologist or other attending physician, which are billed directly by such physicians to the patient or third-party payor.

We are dependent upon private and government third-party sources of payment for the surgical services we provide. The amounts that our surgical facilities receive in payment for their services may be adversely affected by market and cost factors as well as other factors over which we have no control, including Medicare, Medicaid and state regulations as well as cost containment and utilization decisions and reduced reimbursement schedules of third-party payors.

The following table sets forth the percentage of total patient service revenues for our consolidated surgical facilities by type of payor for the periods indicated:

	Year Ended December 31,		
	2018	2017	2016
Private Insurance	54.6%	53.6%	51.5%
Government	37.6%	38.3%	39.9%
Self-pay	2.9%	2.4%	1.8%
Other	4.9%	5.7%	6.8%
Total patient service revenues	100.0%	100.0%	100.0%

We receive reimbursement from Medicare for surgical services based on three different payment systems depending on the site of service: hospital outpatient surgical services, hospital inpatient surgical services and outpatient surgical services generally provided in our ASCs.

Medicare Reimbursement — Hospital Outpatient Departments

Surgical services that are provided in hospital outpatient departments ("HOPDs") are generally reimbursed by the Centers for Medicare and Medicaid Services ("CMS") using the Outpatient Prospective Payment System (the "OPPS"). The OPPS, established by the Secretary of the Department of Health and Human Services ("HHS"), determines payment amounts prospectively (generally the following calendar year) for various categories of medical services performed in HOPDs. On November 21, 2018, CMS published its OPPS final rule for 2019. The final rule provides for a payment rate increase of 1.35%. Hospitals that do not meet the reporting requirements of the Medicare Hospital Outpatient Quality Reporting Program will be subject to a 2.0% payment rate decrease.

Additionally, as a result of legislative changes related to off-campus HOPDs, certain off-campus HOPDs that began billing under the OPPS (or underwent certain changes) on or after November 2, 2015 are no longer paid for most services under the OPPS. Instead, these facilities are paid under the Medicare Physician Fee Schedule ("MPFS"), which typically results in lower reimbursements. Services provided in a dedicated emergency department are still paid under the OPPS. This change has not significantly affected reimbursement to any of our HOPDs, but we cannot assure you that our HOPDs will not be impacted in the future.

Medicare Reimbursement — Hospital Inpatient Services

Fifteen of our surgical facilities are licensed as hospitals. Most inpatient services provided by hospitals are reimbursed by Medicare under the inpatient prospective payment system ("IPPS"). Under the IPPS, a hospital receives a fixed amount for inpatient hospital services based on each patient's final assigned Medicare-severity diagnosis related group ("MS-DRG"). Each MS-DRG is assigned a payment rate that is prospectively set by CMS using national average resources used per case for treating a patient with a particular diagnosis. This assignment also affects the prospectively determined capital rate paid with each MS-DRG. MS-DRG and capital payments are adjusted by a predetermined geographic adjustment factor assigned to the geographic area in which the hospital is located. The index used to adjust the MS-DRG rates, known as the "hospital market basket index," gives consideration to the inflation experienced by hospitals in purchasing goods and services.

On August 17, 2018, CMS published the IPPS final rule for federal fiscal year ("FFY") 2019, which began on October 1, 2018. Under the FFY 2019 final rule, rates for inpatient stays in hospitals paid under the IPPS that successfully report certain quality data under the Hospital Inpatient Quality Reporting ("IQR") Program and demonstrate meaningful use of certified electronic health record ("EHR") technology will be increased by 1.35%. Those hospitals that do not successfully report quality data under the IQR Program (but are meaningful EHR users) may receive a payment rate increase of only 0.625%. In addition to the IQR Program, hospitals will be subject to payment adjustments under the Value Based Purchasing Program, Readmissions Reduction Program and Hospital Acquired Conditions Reduction Programs that have been implemented by HHS.

Medicare Reimbursement — ASCs

Payments under the Medicare program to ASCs are also made based on the OPPS. However, the payment received from CMS is a percentage of the payment to HOPDs. Reimbursement rates for ASCs are updated annually based on changes in the consumer price index offset by multifactor productivity adjustments. Based on the OPPS Final Rule, ASC reimbursement rates will increase by 1.35% for 2019. CMS has established the Ambulatory Surgical Center for Quality Reporting ("ASCQR") Program as a pay-for-reporting, quality data program. Our ASCs that participate in the ASCQR Program receive the full annual update to the ASC payment rate. Those ASCs that do not successfully report quality data under the ASCQR Program may receive a payment reduction.

Annual Cost Reports

Hospitals participating in Medicare and Medicaid programs, whether paid on a reasonable cost basis or under a prospective payment system, may be required to meet certain financial reporting requirements. Federal and, where applicable, state regulations require submission of annual cost reports identifying medical costs and expenses associated with the services provided by each hospital to Medicare beneficiaries and Medicaid recipients. Annual cost reports required under the Medicare and Medicaid programs are subject to routine governmental audits. These audits may result in adjustments to the amounts ultimately determined to be payable to us under these reimbursement programs. Finalization of these audits often takes several years. Providers may appeal any final determination made in connection with an audit. While ASCs are not currently subject to federal cost reporting requirements, it is possible that such requirements, which could be costly for us, will be implemented by CMS in the future.

Ancillary Services and Optical Services Segments

Ancillary Services

Our portfolio of outpatient surgical facilities is complemented by a suite of ancillary services, which support our physicians in providing high quality and cost-efficient patient care. Rather than contracting with third-party providers, in some geographies we own ancillary businesses including a diagnostic laboratory, multi-specialty physician practices, urgent care facilities and anesthesia services. Our Company, physicians and patients benefit from these services through improved clinical efficiency and scheduling, and from incremental revenue associated with retaining these fees. Our ancillary services segment contributed

approximately 4%, 6% and 8% of our total revenue in 2018, 2017 and 2016, respectively. Our ancillary services includes a diagnostic laboratory and multi-specialty physician practices.

- We offer physicians toxicology testing services through our wholly-owned diagnostic laboratory, based in Tampa, Florida. Advanced toxicology screening provides physicians with the ability to identify when a patient is taking too much of a prescribed substance, when a patient is non-compliant with a prescribed substance or when a patient is taking unprescribed or illicit substances. Our diagnostic laboratory offerings support the needs of our physicians across our existing specialties and new service lines.
- We employ two models in connection with our network of multi-specialty physician practices. In the state of Florida, where the law does not preclude a business corporation from employing physicians, we own and operate Tampa Pain Relief Center, Inc., a wholly-owned business with several locations throughout Florida. In states other than Florida, we operate physician practices pursuant to long-term management service agreements with separate professional corporations that are wholly-owned by physicians.

Optical Services

Our optical services segment contributed approximately 1% of our total revenue in each of 2018, 2017 and 2016.

Sources of Revenue — Ancillary Services and Optical Services Segments

The fees charged for services in our other segments depend on a variety of factors, including the type of service provided, the location in which the service is provided and the provider of the service. Service fees are received from both private and government third-party sources of payment. The amounts that we receive in payment for the provision of ancillary and optical services may be adversely affected by market and cost factors as well as other factors over which we have no control, including Medicare, Medicaid and state regulations cost containment and utilization decisions and reduced reimbursement schedules of third-party payors.

Our ancillary services revenue primarily consists of fee for service revenue that is derived principally from the provision of physician and laboratory services to patients of our surgical facilities. Medicare pays for physician services based upon the MPFS. Payment rates under the MPFS are determined based on (i) relative value units for the services provided, (ii) a geographic adjustment factor and (iii) a conversion factor. Payment rates under the MPFS are updated annually by HHS. The primary element in each year's update calculation is the Medicare Economic Index ("MEI"), which is a measure of the inflation of the cost of operating a physician practice. The update is then adjusted in conformity with the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), which was enacted in April 2015. MACRA established a fixed 0.5% annual adjustment through calendar year 2018. Beginning in 2019, Medicare compensation to physicians and physician practices will be subject to adjustment under the Merit-Based Incentive Payment System ("MIPS"). Under MIPS, physicians will be assigned a composite performance score based on measures of quality, resource use, meaningful use of electronic health records, and clinical practice improvement activities. A threshold performance score will be set annually by CMS at the mean or median of all composite scores for a prior annual performance period. Performance exceeding the threshold will result in a positive adjustment, performance below the threshold will result in a negative adjustment, and performance at the threshold will result in no adjustment. Physicians who participate in certain alternative payment models, such as accountable care organizations, will be guaranteed a positive payment adjustment under MACRA. The effect of the payment methodology changes under MACRA on our physician practices cannot be predicted.

Certain of our laboratory ancillary services are reimbursed by Medicare under the Medicare Clinical Laboratory Fee Schedule ("CLFS"). Under a June 23, 2016 final rule that implemented the Protecting Access to Medicare Act of 2014 ("PAMA"), as of January 1, 2018 the CLFS payment methodology was adjusted so that payment amounts for laboratory tests on the CLFS is determined by calculating a weighted

median of private payor rates using reported private payor rates and associated volume (number of tests). For tests that were paid on the CLFS prior to the implementation of PAMA, any reduction in payment amount will be phased in over the first six years of payment under the new system.

Acquisitions and Developments

On August 31, 2017, we completed the acquisition of NSH Holdco, Inc. for approximately $760 million, adding NSH's surgical facilities to our portfolio. At the same time, we completed the Transactions (as defined below). In the last five years we have also completed the acquisition of Symbion, which materially expanded our network of existing facilities and ancillary services.

Acquisition Program. In addition to our corporate strategy, we continuously evaluate opportunities to expand our presence in the surgical facility market by making strategic acquisitions of existing surgical facilities and by developing new surgical facilities in cooperation with local physician partners and, when appropriate, healthcare systems and other strategic partners. We generally structure our partnerships as two-way arrangements where either we are a majority owner partnered with physicians or we are a minority owner with buy-up rights. These buy-up rights give us the option to own a controlling interest at some point in the future. Alternatively, we may choose to pursue a three-way arrangement with physicians and a healthcare system.

We employ a dedicated acquisition team with experience in healthcare services. Our team seeks to acquire surgical facilities that meet our criteria, including prominence and quality of physician partners, specialty mix, opportunities for growth, level of competition in the local market, level of managed care penetration and our ability to access managed care organization contracts. We carefully evaluate each of our acquisition opportunities through an extensive due diligence process to determine which facilities have the greatest potential for growth and profitability improvements under our operating structure. Our team may also identify opportunities to attract additional physicians to increase the acquired facility's revenues and profitability.

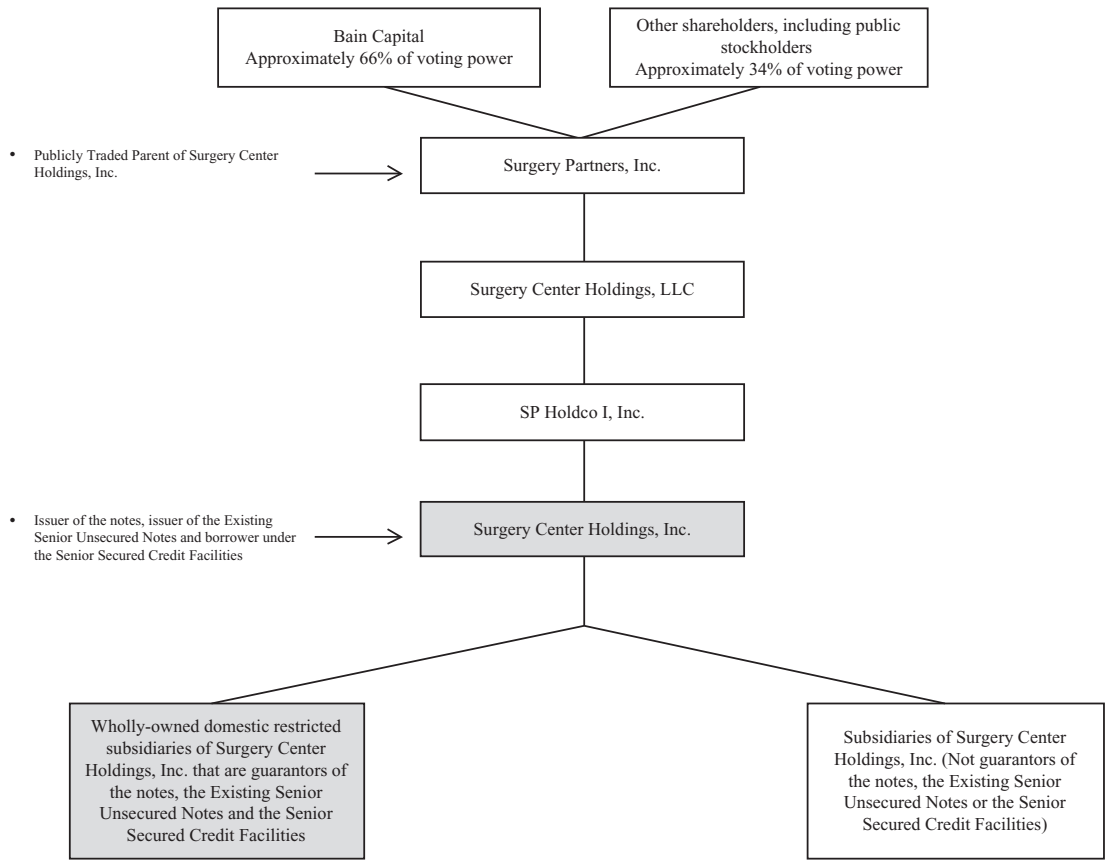
Development Program. We develop surgical facilities in markets that we identify as having substantial interest by physicians and payors. We have experience in developing both single and multi-specialty surgical facilities. When we develop a new surgical facility, we generally provide all of the services necessary to complete the project. We offer in-house capabilities for structuring partnerships and financing facilities and work with architects and construction firms in the design and development of surgical facilities. Before and during the development phase of a new surgical facility, we analyze the competitive environment in the local market, review market data to identify appropriate services to provide, prepare and analyze financial forecasts, evaluate regulatory and licensing issues and assist in designing the surgical facility and identifying appropriate equipment to purchase or lease. After the surgical facility is developed, we typically provide general startup operational support, including information systems, equipment procurement and financing.

Recent Developments

We entered into an amendment to the Senior Secured Facilities (as defined below) documentation on the date of this preliminary offering memorandum that provides for incremental revolving credit facility commitments (the "2019 Incremental Revolver Commitments") which, immediately upon becoming operative, will increase the outstanding commitments under the Revolver in an amount equal to $45.0 million. The 2019 Incremental Revolver Commitments will automatically become operative upon satisfaction by the Issuer of certain conditions precedent set forth in the amendment to the Senior Secured Facilities documentation providing for the 2019 Incremental Revolver Commitments, which the Issuer expects to satisfy on or around the date that the notes are issued. The offering of notes hereby is not conditioned on the 2019 Incremental Revolver Commitments becoming operative.

Corporate Structure

The following chart summarizes our corporate structure and principal financing arrangements as of the date of this offering memorandum.



Shaded entities will be obligors with respect to the notes offered hereby.

On August 31, 2017, we completed the acquisition of NSH Holdco, Inc. (the "NSH Merger" or "acquisition of NSH"). Also on August 31, 2017, (i) we completed the sale and issuance of 310,000 shares of our 10.00% Series A Convertible Perpetual Participating Preferred Stock (the "Series A Preferred Stock") to a fund advised by an affiliate of Bain Capital Private Equity LP ("Bain Capital"), at a purchase price of $1,000 per share in cash (the "Preferred Private Placement"), and (ii) Bain Capital completed its purchase of 26,455,651 shares (the "Purchased Shares") of our common stock from H.I.G. Surgery Centers, LLC ("H.I.G.") ("Private Sale"). As a result, Bain Capital became our controlling stockholder, holding Series A Preferred Stock and Common Stock that collectively represented approximately 65.7% of the voting power of all classes of capital stock of the Company as of August 31, 2017, and H.I.G. and its affiliated investment funds no longer own any capital stock of the Company. We refer to the NSH Merger, the Preferred Private Placement and the Private Sale collectively in this Offering Memorandum, collectively, as the "Transactions."

Our Sponsor

Bain Capital, an entity advised by affiliates of Bain Capital Private Equity, LP, is a partnership formed for the purposes of holding the series A preferred stock and common stock of Surgery Partners, Inc. Bain Capital Private Equity, LP has partnered closely with management teams to provide the strategic resources

that build great companies and help them thrive since its founding in 1984. Its team of approximately 247 investment professionals creates value for its portfolio companies through its global platform and depth of expertise in key vertical industries, including industrials, consumer/retail, financial and business services, healthcare, and technology, media and telecommunications.

Corporate Information

Surgery Partners, Inc. is a Delaware corporation that was incorporated on April 2, 2015. Our principal executive offices are located at 310 Seven Springs Way, Suite 500, Brentwood, TN 37027. Our telephone number at that address is (615) 234-5900. Our website address is http://surgerypartners.com/. Our website and the information contained on our website do not constitute a part of this offering memorandum.

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The section entitled "Description of Notes" and "Transfer Restrictions" of this offering memorandum contain a more detailed description of the terms and conditions of the notes.

Issuer	Surgery Center Holdings, Inc.
Securities Offered	$430,000,000 aggregate principal amount of % Senior Notes due 2027 (the "notes").
Interest	The notes will bear interest at an annual rate of %. Interest is payable semi-annually in cash in arrears on and of each year, beginning on , 2019.
Maturity Date	The notes will mature on , 2027.
Guarantees	The notes will be guaranteed on a senior unsecured basis by each of our current domestic wholly owned restricted subsidiaries that guarantees the Senior Secured Credit Facilities and, subject to certain exceptions, each of our future domestic wholly owned restricted subsidiaries that guarantees the Senior Secured Credit Facilities, subject to certain exceptions as further described under "Description of Notes — Guarantees." For the twelve months ended December 31, 2018, our non-guarantor subsidiaries accounted for approximately $1.6 billion, or 89.0% of our revenue, approximately $263.8 million, or 112.4%, of our Adjusted EBITDA, including intercompany transactions, and as of December 31, 2018, on an as adjusted basis after giving effect to the offering and the use of proceeds therefrom, our non-guarantor subsidiaries accounted for approximately $747.5 million, or 16.0%, of our consolidated assets, and approximately $377.2 million, or 13.0%, of our consolidated liabilities, each excluding intercompany balances. See "Risk Factors — Risks Related to Our Indebtedness, the Notes and this Offering"
Ranking	The notes will (i) be our senior unsecured obligations, (ii) rank equally with all of our existing and future senior unsecured debt, (iii) be senior to all of our existing and future subordinated debt, (iv) be effectively subordinated in right of payment to all of our and the guarantors' existing and future secured indebtedness, including the Senior Secured Credit Facilities, to the extent of the value of the collateral securing such indebtedness and will be structurally subordinated in right of payment to all of our non-guarantor subsidiaries' existing and future indebtedness and other liabilities. See "Description of Notes."

Optional Redemption	We may redeem the notes, in whole or in part, at any time prior to , 2022 at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a make whole premium. We may redeem all or part of the notes on or after , 2022 at the redemption prices set forth herein. At any time prior to , 2022, we may also redeem up to 40% of the aggregate principal amount of the notes with an amount not to exceed the net cash proceeds from certain equity offerings. See "Description of Notes — Optional Redemption."
Change of Control	If we experience certain kinds of changes of control, we must offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of purchase. See "Description of Notes — Change of Control."
Asset Sale Offer	If we sell certain assets and do not repay certain debt or reinvest the proceeds of such sales within certain time periods, we must offer to repurchase the notes at 100% of their principal amount plus accrued and unpaid interest to, but excluding, the date of purchase, as described herein under "Description of Notes — Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock."
Certain Covenants	The indenture governing the Notes offered hereby (the "Indenture") contains covenants that limit, among other things, the Issuer's ability and the ability of our restricted subsidiaries, including the guarantors, to: ■ incur additional indebtedness and guarantee indebtedness; ■ pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock; ■ prepay, redeem or repurchase certain debt; ■ make loans and investments; ■ sell or otherwise dispose of assets; ■ sell stock of our subsidiaries; ■ incur liens; ■ enter into transactions with affiliates; ■ enter into agreements restricting certain of our subsidiaries' ability to pay dividends; and ■ consolidate, merge or sell all or substantially all of our assets. These covenants are subject to a number of important qualifications and limitations. See "Description of Notes — Certain Covenants." If the notes receive and maintain investment grade ratings from each of Standard & Poor's Ratings Group, Inc. and Moody's Investor Services, Inc., many of these covenants will be suspended. See "Description of Notes — Certain Covenants — Suspension of Covenants on Achievement of Investment Grade Status."

Transfer Restrictions	The notes have not been registered under the Securities Act or any state securities laws and we are under no obligation to so register the notes. The notes may not be offered or sold except under an exemption from, or in a transaction not subject to, the Securities Act or applicable state securities laws. See "Transfer Restrictions."
No Prior Market; No Listing	The notes will be new securities for which there is currently no market. Although the initial purchasers have informed us that they intend to make a market in the notes, they are not obligated to do so, and they may discontinue market making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained. We do not intend to apply for a listing of the notes on any securities exchange.
Use of Proceeds	We intend to use the net proceeds from this offering, together with cash on our balance sheet, to (i) redeem all of our outstanding 2021 Senior Unsecured Notes, which bear interest at a rate of 8.875% per annum, (ii) pay the redemption premium applicable to the 2021 Senior Unsecured Notes and accrued and unpaid interest on the 2021 Senior Unsecured Notes to, but not including, the date of redemption, and (iii) pay fees and expenses in connection with this offering and the redemption of the 2021 Senior Unsecured Notes. See "Use of Proceeds."
Book-Entry Form	The notes will be issued in book-entry form and will be represented by a permanent global certificate deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Certain United States Federal Income Tax Considerations	The notes may be treated as having been issued with original issue discount ("OID") for U.S. federal income tax purposes. An obligation generally is treated as having been issued with OID if its stated principal amount exceeds its issue price by at least a defined de minimis amount. If the notes are treated as issued with OID, investors subject to U.S. federal income tax will be subject to tax on that OID as ordinary income on a constant yield to maturity basis, in advance of the receipt of cash payments attributable to that income regardless of the investors' regular method of accounting for U.S. federal income tax purposes (and in addition to qualified stated interest). See "Certain United States Federal Income Tax Considerations."
Denomination	The notes will be issued in minimum denominations of $2,000 and any integral multiples of $1,000 in excess of $2,000.

Risk Factors	You should consider carefully all of the information set forth or incorporated by reference in this offering memorandum and, in particular, should evaluate the specific factors set forth in the section entitled "Risk Factors" in and incorporated by reference in this offering memorandum, and the other documents incorporated by reference in this offering memorandum, for an explanation of certain risks of investing in the notes, including risks related to our industry and business.

SUMMARY HISTORICAL CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth the summary historical condensed consolidated financial information of Surgery Partners for the dates and periods indicated.

The summary consolidated statements of operations data and cash flow data set forth below for the years ended December 31, 2018, 2017 and 2016, and the summary consolidated balance sheets data set forth below as of December 31, 2018, 2017 and 2016 are derived from our audited consolidated financial statements for such periods. The timing of acquisitions and divestitures completed during the years presented affects the comparability of the selected financial data. The following table covers periods both prior to and subsequent to the Transactions. As discussed in the notes to the consolidated financial statements incorporated by reference in this offering memorandum, in connection with the change of control effected by the Private Sale, we elected to apply "pushdown" accounting. We have presented the information for the year ended December 31, 2017 on a Predecessor period and Successor period combined basis (each as defined in Note 1. "Organization and Summary of Accounting Policies" of our consolidated financial statements, which are incorporated by reference in this offering memorandum) to facilitate meaningful comparisons of selected consolidated financial and other data to the prior year periods.

The historical results presented below are not necessarily indicative of the results to be expected for any future period. The following summary should be read in conjunction with "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, this information should be read in conjunction with our consolidated financial statements and the related notes thereto, which are incorporated by reference herein.

(in thousands, except shares and per share amounts)	Year Ended December 31, 2018	2017	2016
Consolidated Statements of Operations Data			
Revenues	$1,771,456	$1,341,219	$1,145,438
Operating expenses:			
Cost of revenues	1,361,431	1,013,800	821,196
General and administrative expenses	93,558	75,950	60,246
Depreciation and amortization	67,440	51,928	39,551
Provision for doubtful accounts	—	28,752	24,212
Income from equity investments	(8,898)	(6,467)	(4,764)
Loss on disposals and deconsolidations, net	31,822	1,720	2,355
Transaction and integration costs	31,665	13,054	8,738
Impairment charges	74,359	—	—
Loss on debt refinancing	—	18,211	11,876
Loss (gain) on litigation settlements	46,009	(12,534)	(14,101)
Gain on acquisition escrow release	—	(1,167)	—
Other income	(3,768)	(262)	(353)
Total operating expenses	1,693,618	1,182,985	948,956
Operating income	77,838	158,234	196,482
Gain on amendment to tax receivable agreement	—	16,392	—
Tax receivable agreement benefit (expense)	—	25,329	(3,733)
Interest expense, net	(147,003)	(117,669)	(100,571)
(Loss) income before income taxes	(69,165)	82,286	92,178
Income tax expense	26,461	53,550	7,095
Net (loss) income	(95,626)	28,736	85,083
Less: Net income attributable to non-controlling interests	(110,080)	(81,721	(75,630)
Net (loss) income attributable to Surgery Partners, Inc.	$ (205,706)	$ (52,985)	$ 9,453
Net income (loss) per share attributable to common stockholders			
Basic	(4.96)	(1.64)	0.20
Diluted[1]	(4.96)	(1.64)	0.20
Consolidated Statements of Cash Flow Data			
Net cash provided by operating activities	$ 144,600	$ 120,943	$ 125,239
Net cash used in investing activities	(128,862)	(783,449)	(184,749)
Net cash (used in) provided by financing activities	(6,344)	767,721	71,276
Other Data (unaudited)			
Adjusted EBITDA[2]	$ 234,768	$ 164,301	$ 179,263
Number of surgical facilities as of the end of period[3]	123	124	104
Number of consolidated surgical facilities included as of the end of period	106	108	94

	December 31, 2018	2017	2016
Consolidated Balance Sheets Data			
Working capital	$ 239,023	$ 260,220	$ 175,230
Total assets	4,676,267	4,622,773	2,304,958
Long-term debt, less current maturities	2,270,898	2,130,556	1,414,421
Redeemable preferred stock	359,346	330,806	—
Total stockholders' equity	1,098,945	1,336,610	324,674

(1) The impact of potentially dilutive securities for the years ended December 31, 2018 and 2017 was not considered because the effect would be anti-dilutive in each of those periods.

(2) Adjusted EBITDA is a non-GAAP financial measure. This measure should not be viewed as an alternative to GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Non-GAAP Metrics."

When we use the term "Adjusted EBITDA," it is referring to net income minus (a) net income attributable to non-controlling interests plus (b) interest expense, net, (c) depreciation and amortization, (d) equity-based compensation expense, (e) contingent acquisition compensation expense, (f) transaction, integration and acquisition costs, (g) loss (gain) on litigation settlements, (h) gain on acquisition escrow release, (i) loss (gain) on disposal and deconsolidations, net, (j) reserve adjustments, (i) impairment charges, (k) gain on amendment to tax receivable agreement, (l) tax receivable agreement (benefit) expense and (m) loss on debt refinancing. We use Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by our management to assess operating performance, make business decisions and allocate resources.

Adjusted EBITDA is not a measurement of financial performance under GAAP, and should not be considered in isolation or as substitutes for net income, operating income or any other measure calculated in accordance with GAAP. The items excluded from this non-GAAP metric are significant components in understanding and evaluating our financial performance. We believe such adjustments are appropriate, as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

We have included Adjusted EBITDA in this offering memorandum because we believe it is useful to investors in evaluating our operating performance compared to that of other companies in our industry, as their calculation eliminates the effects of financing, income taxes and the accounting effects of capital spending, as these items may vary for different companies for reasons unrelated to overall operating performance. When analyzing our operating performance, investors should not consider Adjusted EBITDA in isolation or as a substitute for net loss, cash flows from operating activities or other operation statement or cash flow statement data prepared in accordance with GAAP. The following table represents the reconciliation of Adjusted EBITDA to net income (loss) attributable to Surgery Partners for the periods indicated below:

	Unaudited		
	Year Ended December 31,		
(in thousands)	**2018**	**2017**	**2016**
Consolidated Statements of Operations Data			
Income (loss) before income taxes	$ (69,165)	$ 82,286	$ 92,178
Plus (Minus):			
Net income attributable to non-controlling interests	(110,080)	(81,721)	(75,630)
Interest expense, net	147,003	117,669	100,571
Depreciation and amortization	67,440	51,928	39,551
Equity-based compensation expense	9,344	5,584	2,021
Contingent acquisition compensation expense	1,510	7,039	5,092
Transaction, integration and acquisition costs[a]	33,856	17,007	11,617
Loss (gain) on litigation settlements	46,009	(12,534)	(14,101)
Gain on acquisition escrow release	—	(1,167)	—
Loss (gain) on disposals and deconsolidations, net	31,822	1,720	2,355
Reserve adjustments[b]	2,670	—	—
Impairment charges	74,359	—	—
Gain on amendment to tax receivable agreement	—	(16,392)	—
Tax receivable agreement (benefit) expense	—	(25,329)	3,733
Loss on debt refinancing	—	18,211	11,876
Adjusted EBITDA	234,768	164,301	179,263

[a] This amount includes merger transaction and integration costs of $31.7 million, $13.1 million and $8.7 million for the years ended December 31, 2018, 2017 and 2016, respectively, and practice acquisition costs of $2.2 million, $3.9 million and $2.9 million for the years ended December 31, 2018, 2017 and 2016 , respectively.

[b] This amount represents adjustments to revenue in connection with applying consistent policies across the combined company as a result of the integration of Surgery Partners and NSH.

[3] Includes surgical facilities that we manage but in which we have no ownership interest.

Other Financial Information

(dollars in thousands, except ratios)	As of and for the year ended December 31, 2018
	(unaudited)
Credit Agreement EBITDA[1]	$ 273,469
As adjusted cash and cash equivalents[2]	169,340
Secured debt[3]	1,468,598
Pro forma total debt[4]	2,319,193
Secured net debt[5]	1,299,258
Pro forma total net debt[6]	2,149,853
Secured net leverage ratio[7]	4.8x
Pro forma total net leverage ratio[8]	7.9x

[1] Credit Agreement EBITDA is a non-GAAP financial measure. This measure should not be viewed as an alternative to GAAP measures of performance. The presentation of Credit Agreement EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Non-GAAP Metrics."

When we use the term "Credit Agreement EBITDA," we are referring to Adjusted EBITDA, as defined above, further adjusted for acquisitions and non-cash expenses. These adjustments do not relate to our historical financial performance and instead relate to estimates compiled by management and calculated in accordance with the definition of "Consolidated EBITDA" used in the credit agreement governing our Senior Secured Credit Facilities.

Credit Agreement EBITDA is not a measurement of financial performance under GAAP, and should not be considered in isolation or as substitutes for cash flows from operating activities or any other measure calculated in accordance with GAAP. We use Credit Agreement EBITDA as a measure of liquidity and to determine our compliance under certain covenants pursuant to our Senior Secured Credit Facilities. Credit Agreement EBITDA is determined on a trailing twelve-month basis. We have included it because we believe that it provides investors with additional information about our ability to incur and service debt and make capital expenditures. Credit Agreement EBITDA is not a measurement of liquidity under GAAP, and should not be considered in isolation or as a substitute for any other measure calculated in accordance with GAAP. The items excluded from Credit Agreement EBITDA are significant components in understanding and evaluating our liquidity. Our calculation of Credit Agreement EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Credit Agreement EBITDA to cash flows from operating activities, the most directly comparable GAAP financial measure (in thousands and unaudited):

	Year Ended December 31, 2018
(in thousands)	
Cash flows from operating activities	$ 144,600
Plus (minus):	
Net income attributable to non-controlling interests	(110,080)
Non-cash interest income, net	1,415
Deferred income taxes	(25,272)
Income from equity investments, net of distributions received	(243)
Changes in operating assets and liabilities, net of acquisitions and divestitures	(33,161)
Income tax expense	26,461
Interest expense, net	147,003
Transaction, integration and acquisition costs	33,856
Reserve adjustments	2,670
Contingent acquisition compensation expense	1,510
Loss on litigation settlement	46,009
Acquisitions[(a)]	38,701
Credit Agreement EBITDA	$ 273,469

(a) Represents impact of acquired physician practices and surgical facilities as if each acquisition had occurred on January 1, 2018, including cost savings from reductions in corporate overhead, supply chain rationalization, enhanced physician engagement, improved payor contracting and revenue synergies associated with the acquisition of NSH. Further, this includes revenue synergies from other business initiatives calculated in accordance with the definition of "Consolidated EBITDA" used in the credit agreement governing our Senior Secured Credit Facilities.

(2) As adjusted cash and cash equivalents represents cash and cash equivalents as of December 31, 2018, as adjusted to give effect to the offering of the notes and the use of proceeds therefrom, together with cash on our balance sheet, to redeem all of our outstanding 2021 . See "Use of proceeds."

(3) Secured debt represents total secured debt, as adjusted to exclude debt of non- wholly owned subsidiaries that corresponds to the equity interest share of third parties in such subsidiaries. Such debt is reflected as notes payable and secured loans on a consolidated basis in our consolidated financial statements and, for the year ended December 31, 2018, such excluded debt totaled $38.9 million. Secured debt also excludes $5.5 million of unamortized fair value discount as of December 31, 2018. See "Use of proceeds."

(4) Pro forma total debt represents total debt as adjusted to give effect to the offering of the notes and the use of proceeds therefrom and excluding debt of non-wholly owned subsidiaries that corresponds to the equity interest share of third parties in such subsidiaries. Such debt is reflected as notes payable and secured loans on a consolidated basis in our consolidated financial statements and, for the year ended December 31, 2018, such excluded debt totaled $38.9 million. See "Use of proceeds."

(5) Secured net debt means secured debt less as adjusted cash and cash equivalents.

(6) Pro forma total net debt means pro forma total debt less as adjusted cash and cash equivalents.

(7) Secured net leverage ratio means pro forma secured net debt divided by Credit Agreement EBITDA.

(8) Pro forma total net leverage ratio means pro forma total net debt divided by Credit Agreement EBITDA.

RISK FACTORS

An investment in the notes is subject to a number of risks. You should carefully consider the following risk factors as well as the other information and data included or incorporated by reference in this offering memorandum prior to making an investment in the notes. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, cash flows, financial condition or results of operations. Any of the following risks could materially and adversely affect our business, cash flows, financial condition or results of operations. In such case, you may lose all or part of your original investment. Along with the risks and uncertainties described below, you should carefully consider the risks and uncertainties described in the sections entitled "Disclosure Regarding Forward-Looking Statements" in this offering memorandum and in Item 1A under the heading "Risk Factors" in our 2018 10-K, which is incorporated by reference into this offering memorandum.

Risks Related to Our Indebtedness, the Notes and this Offering

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

On an as adjusted basis, after giving effect to this offering and the use of proceeds therefrom, as of December 31, 2018, we and our subsidiaries would have had approximately $2.4 billion aggregate principal amount of indebtedness outstanding, including approximately $1,453.4 million principal amount of the Term Loan (as defined below) outstanding, $370.0 million principal amount of the 2025 Senior Unsecured Notes (as defined below) outstanding and the notes offered hereby. As of December 31, 2018, we had no outstanding revolving loan borrowings under our Revolver (as defined below), there were $3.8 million principal amount of outstanding letters of credit issued under our Revolver, and we had $71.2 million of unused commitments available to be borrowed under the Revolver. The 2019 Incremental Revolver Commitments will increase the commitments under the Revolver to an aggregate amount equal to $120.0 million. In addition to the Senior Secured Credit Facilities, the 2025 Senior Unsecured Notes and the notes, our aggregate principal amount of indebtedness outstanding after giving effect to this offering and the use of proceeds therefrom includes approximately $104.7 million of notes payable and capital lease obligations primarily related to property and equipment for operations.

Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. In addition, subject to applicable restrictions under the credit agreement governing our Senior Secured Credit Facilities, the indenture governing the 2025 Senior Unsecured Notes and the Indenture, we may incur significant additional indebtedness, which may be secured, from time to time, which could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;
- requiring us to dedicate a substantial portion of our cash flow to making payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limiting our flexibility in reacting to competitive and other changes in our industry and economic conditions generally; and
- limiting our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

Despite our indebtedness level following this offering, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We will have the right to incur substantial additional indebtedness in the future, including through entities that are direct and indirect parents of the Issuer that will not guarantee the notes. The terms of the credit agreement governing our Senior Secured Credit Facilities, the indenture governing the 2025 Senior Unsecured Notes and the Indenture will restrict, but will not in all circumstances prohibit us from doing so. Under the instruments governing our debt, including the Indenture, we will be permitted to incur substantial additional debt that ranks equal with the notes or that constitutes secured debt, including borrowings under our Senior Secured Credit Facilities. Any additional debt may be governed by agreements, indentures or other instruments containing covenants that could place restrictions on the operation of our business and the execution of our business strategy in addition to the restrictions on our business that will already be contained in the credit agreement governing the Senior Secured Credit Facilities, the indenture governing the 2025 Senior Unsecured Notes and the Indenture. Because any decision to issue debt securities or enter into new debt facilities will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future debt financings and whether we may be required to accept unfavorable terms for any such financings.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations may adversely affect our business, financial condition and results of operations.

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund working capital needs and planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control.

If our business does not generate sufficient cash flow or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including the notes, on or before the maturity thereof, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our history of net losses may impair our ability to service our indebtedness, including the notes, or repay outstanding amounts when they become due. In addition, our ability to restructure or refinance our indebtedness, including the notes, will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, and also might include incurring additional fees in connection with refinancing, which could further restrict our business operations. The terms of existing or future debt instruments, including the Indenture, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, may adversely affect our business, financial condition and results of operations, as well as our ability to satisfy our obligations in respect of the notes.

We may depend on distributions from our subsidiaries to fulfill our obligations under the notes.

Our ability to service our debt obligations, including our ability to pay the interest on and principal of the notes when due, may depend in part upon cash dividends and distributions or other transfers from our subsidiaries. Payments to us by our subsidiaries will be contingent upon their respective earnings and subject to any legal, contractual or other limitations on the ability of such entities to make payments or other distributions to us. Our subsidiaries are separate and distinct legal entities and have no obligation,

other than under their applicable guarantees (if any) of the notes and their applicable guarantees of certain (if any) other indebtedness, to make any funds available to us. In addition, under U.S. federal and foreign bankruptcy laws and comparable provisions of state and foreign fraudulent transfer laws, the incurrence of joint and several liability by our guarantors in respect of our obligations under the notes could be voided in certain circumstances. Certain of our Restricted Subsidiaries are subject to Permitted Payment Restrictions (as defined in the Description of Notes) that may limit their ability to make dividends and distributions in respect of their Capital Stock (as defined in the Description of Notes) to Surgery Center Holdings or the other Restricted Subsidiaries. While such restrictions must not materially impair our ability to pay scheduled payments of cash interest and to make required principal payments on the notes, as determined at the times set forth in the definition of "Permitted Payment Restrictions", and our operating agreements, subject to certain exceptions, require that our Restricted Subsidiaries distribute excess cash to us, there can be no assurances that over time none of the foregoing restrictions will ever constitute a material impediment to our receipt of cash from our Restricted Subsidiaries and on our ability to make payments of principal and interest on the notes.

The Indenture will, and the credit agreement governing the Senior Secured Credit Facilities and the indenture governing the 2025 Senior Unsecured Notes do, restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The Indenture will, and the credit agreement governing the Senior Secured Credit Facilities and the indenture governing the 2025 Senior Unsecured Notes do, impose significant operating and financial restrictions and limit the ability of us and our restricted subsidiaries to, among other things:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell or otherwise dispose of assets;
- sell stock of our subsidiaries;
- incur liens;
- enter into transactions with affiliates;
- enter into agreements restricting certain of our subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

As a result of these and other covenants and restrictions, we are and will be limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. In addition, we may be required to maintain specified financial maintenance ratios and satisfy other financial condition tests. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants. Our failure to comply with the restrictive covenants described above as well as others contained in our future debt instruments from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their maturity. If we are forced to refinance these borrowings on less favorable terms, our results of operations and financial condition could be adversely affected.

Your right to receive payments on the notes will be effectively subordinated to the right of lenders who have a security interest in our assets to the extent of the value of those assets.

Subject to the restrictions to be set forth in the Indenture, the Issuer and its subsidiaries may incur significant additional indebtedness secured by their assets. If we are declared bankrupt or insolvent, or if we default under any of our existing or future indebtedness, including our Senior Secured Credit Facilities

that are secured by our assets, the holders of such indebtedness could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the holders of such indebtedness could foreclose on such assets to the exclusion of holders of the notes, even if an event of default exists under the Indenture at such time. Furthermore, if the holders of such indebtedness foreclose and sell the pledged equity interests in any guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes will not be secured by such assets or the equity interests in guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully. In addition, the Indenture will permit us to incur additional indebtedness that ranks equally with the notes. Any such indebtedness may further limit the recovery from the realization of the value of assets available to satisfy holders of the notes.

As of December 31, 2018, we had $1,453.4 million of outstanding Term Loan borrowings under the Senior Secured Credit Facilities, there were $3.8 million of letters of credit issued under the Revolver, and we had $71.2 million of unutilized capacity under the Revolver. The 2019 Incremental Revolver Commitments will increase the commitments under the Revolver to an amount equal to $120.0 million.

The notes will be effectively subordinated to the claims of the creditors of non-guarantor subsidiaries.

We conduct a substantial portion of our business through our subsidiaries that will not be guarantors of our obligations under the notes. Claims of creditors of our non-guarantor subsidiaries, including trade creditors, will generally have priority with respect to the assets and earnings of such subsidiaries over the claims of our creditors, including holders of the notes. For the twelve months ended December 31, 2018, our non-guarantor subsidiaries accounted for approximately $1.6 billion, or 89.0% of our revenue, approximately $263.8 million, or 112.4%, of our Adjusted EBITDA, including intercompany transactions, and as of December 31, 2018, on an as adjusted basis after giving effect to the offering and the use of proceeds therefrom, our non-guarantor subsidiaries accounted for approximately $747.5 million, or 16.0%, of our consolidated assets, and approximately $377.2 million, or 13.0%, of our consolidated liabilities, each excluding intercompany balances. The Indenture will permit the incurrence of certain additional indebtedness by our non-guarantor subsidiaries in the future.

Under certain circumstances a court could cancel the notes or the related guarantees under fraudulent conveyance laws.

The issuance of the notes and the related guarantees may be subject to review under federal or state fraudulent transfer or conveyance law or similar laws. If the Issuer becomes a debtor in a case under the U.S. Bankruptcy Code or encounters other financial difficulty, a court might avoid or cancel its obligations under the notes. A court might do so if it found that, when the Issuer issued the notes, (i) it received less than reasonably equivalent value or fair consideration and (ii) the Issuer (1) was rendered insolvent, (2) was left with inadequate capital to conduct its business or (3) believed or reasonably should have believed that it would incur debts beyond its ability to pay. A court could also avoid the notes, without regard to factors (i) and (ii), if it found that the Issuer issued the notes with actual intent to hinder, delay or defraud the Issuer's creditors.

Similarly, if one of the guarantors becomes a debtor in a case under the U.S. Bankruptcy Code or encounters other financial difficulty, a court might avoid or cancel its guarantee if it finds that when such guarantor issued its guarantee (or in some jurisdictions, when payments became due under the guarantee), factors (i) and (ii) in the immediately preceding paragraph above applied to such guarantor, such guarantor was a defendant in an action for money damages or had a judgment for money damages docketed against it (if, in either case, after final judgment the judgment is unsatisfied), or, without regard to such factors (i) and (ii), if it found that such guarantor issued its guarantee with actual intent to hinder, delay or defraud its creditors.

In addition, a court could avoid or undo any payment by the Issuer or any guarantor pursuant to the notes or a guarantee and require the disgorgement and return to the Issuer or guarantor of any payment or to a fund for the benefit of the creditors of the Issuer or guarantor. In addition, under certain circumstances, a court could subordinate rather than avoid obligations under the notes or the guarantees, and in that event, the Issuer's obligations under the notes or any such guarantor's guarantee would be subordinated (including structurally) to all of the Issuer's or such guarantor's other debt. If the court were to avoid, cancel or subordinate any guarantee, funds may not be available to pay the notes from another guarantor or from any other source.

The test for determining solvency for purposes of the foregoing and below will vary depending on the law of the jurisdiction being applied. In general, a court would consider an entity insolvent either if the sum of its existing debts exceeds the fair value of all of its property, or its assets' present fair saleable value is less than the amount required to pay the probable liability on its existing debts as they become due. For this analysis, "debts" includes contingent and unliquidated debts. A court could also find that an entity was insolvent if it either was engaged in business or a transaction, or was about to engage in business or a transaction, with unreasonably small capital, or it intended to incur, or believed that it would incur, debts beyond its ability to pay as such debts matured.

The Indenture governing the notes will limit the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. This limitation will not necessarily protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due. It is not clear, however, whether those limits would ultimately be adhered to or otherwise enforceable.

If a court avoided the Issuer's obligations under the notes and the obligations of all of the guarantors under their guarantees, purchasers of the notes could cease to be the Issuer's creditors or creditors of the guarantors and would likely have no source from which to recover amounts due under the notes. Even if the guarantee of a guarantor is not avoided as a fraudulent transfer, a court may subordinate the guarantee to that guarantor's other debt, and in that event, the guarantees would be subordinated (including structurally) to all of such guarantor's other debt.

We may be unable to repurchase the notes upon a change of control.

Upon the occurrence of specified kinds of change of control events, we will be required to offer to repurchase all outstanding notes at a price equal to 101% of the principal amount of the notes, together with accrued and unpaid interest to, but excluding, the date of repurchase.

However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of the notes. If we are required to repurchase the notes, we would probably require third-party financing. We cannot be sure that we would be able to obtain third party financing on acceptable terms, or at all.

One of the circumstances under which a change of control may occur is upon the sale or disposition of all or substantially all of our assets. However, the phrase "all or substantially all" will likely be interpreted under applicable state law and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or disposition of "all or substantially all" of our capital stock or assets has occurred, in which case, the ability of a holder of the notes to obtain the benefit of an offer to repurchase all of a portion of the notes held by such holder may be impaired. See "Description of Notes — Change of Control."

It is also possible that the events that constitute a change of control may also be events of default under our Senior Secured Credit Facilities. These events may permit the lenders under our Senior Credit Facilities to accelerate the indebtedness outstanding thereunder. If we are required to repurchase the notes pursuant

to a change of control offer and repay certain amounts outstanding under our Senior Secured Credit Facilities if such indebtedness is accelerated, we would probably require third-party financing. We cannot be sure that we would be able to obtain third-party financing on acceptable terms, or at all. If the indebtedness under our Senior Secured Credit Facilities is not paid, the lenders thereunder may seek to enforce security interests in the collateral securing such indebtedness, thereby limiting our ability to raise cash to purchase the notes, and reducing the practical benefit of the offer to purchase provisions to the holders of the notes. Our future debt also may contain restrictions on repayment requirements with respect to transactions that constitute a change of control under the indenture that will govern the notes or other specified events.

If the notes are rated investment grade by both Standard & Poor's and Moody's, certain covenants contained in the Indenture will be suspended, and you will lose the protection of these covenants unless or until the ratings of the notes subsequently fall back below investment grade.

The Indenture governing the notes contains certain covenants that will be suspended for so long as the notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc. and no default or event of default under the Indenture has occurred and is continuing on the date of achieving such investment grade ratings. These covenants restrict, among other things, our and our restricted subsidiaries' ability to:

- incur additional indebtedness;
- declare or pay dividends, redeem stock or make other distributions to stockholders;
- create dividend and other payment restrictions affecting their subsidiaries;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets;
- enter into transactions with affiliates; and
- sell or transfer certain assets.

Because these restrictions will not apply when the notes are rated investment grade, we will be able to incur additional debt and close transactions that may impair our ability to satisfy our obligations with respect to the notes. In addition, we will not have to make certain offers to repurchase the notes. These covenants will only be restored if the credit ratings assigned to the notes later fall below investment grade.

Ratings of the notes may affect the market price and marketability of the notes.

The notes have been rated by Standard & Poor's Ratings Services and Moody's Investors Service, Inc. These ratings are limited in scope and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in each rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with the application of the proceeds of this offering or in connection with future events, such as future acquisitions. Holders of notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the notes.

The transferability of the notes may be limited under applicable securities laws.

The notes and the guarantees have not been registered, and we are under no obligation to register the notes and the guarantees, under the Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or any other jurisdiction. It is the obligation of the holders of the

notes to ensure that their offers and sales of the notes within the United States and other countries comply with applicable securities laws.

Your ability to transfer the notes may be limited by the absence of an active trading market, and an active trading market may not develop for the notes.

The notes will be a new issue of securities for which there is no established trading market. We expect the notes to be eligible for trading by "qualified institutional buyers," as defined under Rule 144A under the Securities Act, but we do not intend to list the notes on any national securities exchange or include the notes in any automated quotation system. The initial purchasers of the notes have advised us that they intend to make a market in the notes as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to make a market in the notes, and, if commenced, they may discontinue their market-making activities at any time without notice.

We do not intend to apply for listing of the notes on any U.S. securities exchange or for quotation through an automated dealer quotation system. Therefore, an active market for the notes may not develop or be maintained, which would adversely affect the market price and liquidity of the notes. In that case, the holders of the notes may not be able to sell their notes at a particular time or at a favorable price. The liquidity of any market for the notes will depend on a number of factors, including:

- the number of holders of notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes;
- prevailing interest rates; and
- the aggregate principal amount of notes outstanding.

Even if an active trading market for the notes does develop, there is no guarantee that it will continue. Historically, the market for non-investment grade debt has been subject to severe disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the notes may experience similar disruptions, and any such disruptions may adversely affect the liquidity in that market or the prices at which you may sell your notes. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

If we file a bankruptcy petition, or if a bankruptcy petition is filed against us, you may receive a lesser amount for your claim under the notes than you would have been entitled to receive under the Indenture governing the notes.

If we file a bankruptcy petition under the U.S. Bankruptcy Code after the issuance of the notes, or if such a bankruptcy petition is filed against us, your claim against us for the principal amount of your notes may be limited to an amount equal to:

- the original issue price for the notes; and
- the portion of original issue discount that does not constitute "unmatured interest" for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not amortized as of the date of any bankruptcy filing would constitute unmatured interest. Accordingly, under these circumstances, you may receive a lesser amount than you would have been entitled to receive under the terms of the Indenture governing the notes, even if sufficient funds are available.

The notes may be treated as issued with original issue discount for U.S. federal income tax purposes.

The notes may be treated as issued with original issue discount for U.S. federal income tax purposes. An obligation generally is treated as having been issued with original issue discount if the stated redemption price at maturity of the notes exceeds its issue price by at least a statutorily-defined de minimis amount. If the notes are treated as issued with original issue discount, U.S. holders will be subject to tax on that original issue discount on a constant yield to maturity basis, in advance of the receipt of cash payments attributable to that income regardless of the investors' regular method of accounting for U.S. federal income tax purposes (and in addition to stated interest). See "Certain United States Federal Income Tax Considerations."

The adjusted financial information presented in this offering memorandum was not prepared in accordance with GAAP.

The adjusted financial data included in this offering memorandum was prepared by applying certain adjustments to the audited financial statements, which are incorporated by reference into this offering memorandum. However, this adjusted financial data was not prepared using the principles that would be applicable in preparing financial statements in accordance with GAAP. Further, in certain sections of this offering memorandum, we present Adjusted EBITDA and Credit Agreement EBITDA of the Company, and the same limitations described above apply to such additional financial data.

USE OF PROCEEDS

We expect the gross proceeds from this offering to be $430.0 million. We intend to use the net proceeds from this offering, together with cash on our balance sheet, to (i) redeem all of our outstanding 2021 Senior Unsecured Notes, which bear interest at a rate of 8.875% per annum, (ii) pay the redemption premium applicable to the 2021 Senior Unsecured Notes and accrued and unpaid interest on the 2021 Senior Unsecured Notes to, but not including, the date of redemption, and (iii) pay fees and expenses in connection with this offering and the redemption of the 2021 Senior Unsecured Notes.

Affiliates of certain of the initial purchasers may be holders of the 2021 Senior Unsecured Notes and, accordingly, may receive a portion of the proceeds from this offering. See "Plan of Distribution."

The following table illustrates the estimated sources and uses of funds for the issuance of the notes, as if the offering of the notes had occurred on December 31, 2018.

Sources of Funds	(in millions)	**Uses of Funds**	(in millions)
Notes offered hereby[1]	$430.0	Redemption of 2021 Senior Unsecured Notes[2]	$400.0
Cash on balance sheet	15.0	Redemption Premium and Accrued Interest[3]	36.5
		Fees and expenses[4]	8.5
Total sources of funds	445.0	**Total uses of funds**	445.0

(1) Represents the aggregate principal amount of the notes offered hereby and excludes the impact of original issue discounts and initial purchase discounts, if any.

(2) Represents the outstanding principal balance as of December 31, 2018.

(3) Includes redemption premium and accrued and unpaid interest to be paid in connection with the redemption of the 2021 Senior Unsecured Notes. The redemption premium and accrued and unpaid interest are calculated based on an assumed redemption date of April 25, 2019 and a redemption premium of 104.438%.

(4) Reflects our estimate of the fees and expenses that we expect to pay in connection with this offering and the use of proceeds therefrom.

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents and consolidated capitalization of Surgery Partners, Inc. and its consolidated subsidiaries as of December 31, 2018 on an actual basis and on an as adjusted basis to give effect to this offering and the use of proceeds therefrom.

You should read the data presented below in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Consolidated Historical Financial Information" herein, and with and our historical consolidated financial statements and related notes incorporated by reference into this offering memorandum.

(dollars in thousands)	As of December 31, 2018	
	Actual	As Adjusted
	(unaudited)	(unaudited)
Cash and cash equivalents	$ 184,308	$ 169,340[1]
Debt:		
Revolver	—	—
Term Loan	1,453,420	1,453,420
2021 Senior Unsecured Notes	400,000	—[2]
2025 Senior Unsecured Notes	370,000	370,000
Senior Unsecured Notes offered hereby	—	430,000[3]
Capital lease, notes payable and secured loans	104,715	104,715
Total debt	2,328,135	2,358,135
Series A Convertible Preferred Stock 310,000 shares authorized, issued and outstanding	359,346	359,346
Non-controlling Interest-redeemable	326,592	326,592
Stockholders' equity (deficit):		
Common stock, $0.01 par value, 300,000,000 shares authorized, 48,869,204 shares issued and outstanding at December 31, 2018 actual and as adjusted	489	489
Preferred Stock, $0.01 par value, 20,000,000 shares authorized, no shares issued or outstanding	0	0
Additional paid-in-capital	673,619	673,619
Accumulated other comprehensive loss	(22,446)	(22,446)
Retained earnings (deficit)	(247,022)	(247,022)
Total Surgery Partners, Inc. stockholders' equity (deficit)	404,640	404,640
Non-controlling interests — non-redeemable	694,305	694,305
Total equity	1,098,945	1,098,945
Total capitalization	4,113,018	4,143,018

(1) Reflects our actual cash and cash equivalents as of December 31, 2018, as adjusted for this offering, the use of proceeds therefrom and the redemption in full of the 2021 Senior Unsecured Notes. See "Use of Proceeds."

(2) Represents the redemption of $400.0 million in aggregate principal amount of 2021 Senior Unsecured Notes with the proceeds from this offering and cash on the balance sheet. See "Use of Proceeds."

(3) Reflects proceeds from this offering of $430.0 million and excludes the impact of original issue discounts and initial purchase discounts, if any.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The following selected consolidated historical financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and the related notes for the years ended December 31, 2018, 2017 and 2016, which are incorporated by reference in this offering memorandum. The selected consolidated statements of operations data and cash flow data set forth below for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, and the selected consolidated balance sheets data set forth below as of December 31, 2018, 2017, 2016, 2015 and 2014 are derived from our audited consolidated financial statements for such periods. The timing of acquisitions and divestitures completed during the years presented affects the comparability of the selected financial data. The following table covers periods both prior to and subsequent to the Transactions. As discussed in the notes to the consolidated financial statements incorporated by reference in this offering memorandum, in connection with the change of control effected by the Private Sale, we elected to apply "pushdown" accounting. We have presented the information for the year ended December 31, 2017 on a Predecessor period and Successor period combined basis (each as defined in Note 1. "Organization and Summary of Accounting Policies" of our consolidated financial statements, which are incorporated by reference in this offering memorandum) to facilitate meaningful comparisons of selected consolidated financial and other data to the prior year periods. The following selected consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and our consolidated financial statements and the related notes, which are incorporated by reference in this offering memorandum.

The historical results presented below are not necessarily indicative of the results to be expected for any future period.

(in thousands, except shares and per share amounts)	Year Ended December 31,				
	2018	2017	2016	2015	2014
Consolidated Statements of Operations Data					
Revenues	$1,771,456	$1,341,219	$1,145,438	$ 959,891	$ 403,289
Operating expenses:					
Cost of revenues	1,361,431	1,013,800	821,196	666,326	254,178
General and administrative expenses	93,558	75,950	60,246	55,992	31,452
Depreciation and amortization	67,440	51,928	39,551	34,545	15,061
Provision for doubtful accounts	—	28,752	24,212	23,578	9,509
Income from equity investments	(8,898)	(6,467)	(4,764)	(3,777)	(1,264)
Loss (gain) on disposals and deconsolidations, net	31,882	1,720	2,355	(2,097)	1,804
Loss on debt refinancing	—	18,211	11,876	16,102	23,414
Transaction and integration costs	31,665	13,054	8,738	17,920	21,690
Impairment charges	74,359	—	—	—	—
Loss (gain) on litigation settlements	46,009	(12,534)	(14,101)	—	—

(in thousands, except shares and per share amounts)	Year Ended December 31,				
	2018	2017	2016	2015	2014
Gain on acquisition escrow release	—	(1,167)	—	—	—
Termination of management agreement and IPO costs	—	—	—	5,834	—
Other income	(3,768)	(262)	(353)	(2,286)	(3,362)
Total operating expenses	1,693,618	1,182,985	948,956	815,137	352,482
Operating income	77,838	158,234	196,482	144,754	50,807
Gain on amendment to tax receivable agreement	—	16,392	—	—	—
Tax receivable agreement benefit (expense)	—	25,329	(3,733)	(119,911)	—
Interest expense, net	(147,003)	(117,669)	(100,571)	(100,980)	(62,101)
(Loss) income before income taxes	(69,165)	82,286	92,178	(76,137)	(11,294)
Income tax expense (benefit)	26,461	53,550	7,095	(148,982)	15,758
Net income (loss)	(95,626)	28,736	85,083	72,845	(27,052)
Less: Net income attributable to non-controlling interests	(110,080)	(81,721)	(75,630)	(71,416)	(38,845)
Net (loss) income attributable to Surgery Partners, Inc.	(205,706)	(52,985)	9,453	1,429	(65,897)
Net income (loss) per share attributable to common stockholders					
Basic	(4.96)	(1.64)	0.20	0.04	(2.04)
Diluted[1]	(4.96)	(1.64)	0.20	0.04	(2.04)
Consolidated Statements of Cash Flow Data					
Net cash provided by operating activities	144,600	120,943	125,239	84,481	21,949
Net cash used in investing activities	(128,862)	(783,449)	(184,749)	(134,842)	(271,106)
Net cash (used in) provided by financing activities	(6,344)	767,721	71,276	33,374	310,961
Consolidated Balance Sheets Data (as of end of period)					
Working capital	239,023	260,220	175,230	129,668	127,258
Total assets	4,676,267	4,622,773	2,304,958	2,104,443	1,855,771
Long-term debt, less current maturities	2,270,898	2,130,556	1,414,421	1,228,112	1,336,243
Redeemable preferred stock	359,346	330,806	—	—	—
Total stockholders' equity (deficit)	1,098,945	1,336,610	324,674	297,927	29,536

[1] The impact of potentially dilutive securities for the years ended December 31, 2018, 2017 and 2014 was not considered because the effect would be anti-dilutive.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Surgery Partners should be read in conjunction with "Summary Historical Condensed Consolidated Financial Information" as well as the consolidated financial statements of Surgery Partners and the related notes thereto, which can be found elsewhere in this offering memorandum. For additional information regarding some of the risks and uncertainties that affect our business and the industry in which we operate, please see the section entitled "Risk Factors" included elsewhere in this offering memorandum and in the section entitled "Risk Factors" in our Annual Report on Form 10-K, which is incorporated by reference herein. Our actual results may differ materially from those estimated or projected in any of these forward-looking statements. See "Disclosure Regarding Forward-Looking Statements." Tables and other data in this section may not total due to rounding.

Unless indicated otherwise, results of operations data in this section "Management's Discussion and Analysis of Financial Condition and Results of Operations" are presented in accordance with GAAP. See "Non-GAAP Financial Measures" and note 2 to "Summary — Summary Historical Condensed Consolidated Financial Information" for an explanation of our use of non-GAAP measures and reconciliations to their corresponding measures calculated in accordance with GAAP.

Unless the context implies otherwise, as used in this section "Management's Discussion and Analysis of Financial Condition and Results of Operations," the term "affiliates" means direct and indirect subsidiaries of Surgery Partners, and the partnerships and joint ventures in which such subsidiaries are partners. The terms "facilities" or "hospitals" refer to entities owned and operated by affiliates of Surgery Partners, and the term "employees" refers to employees of affiliates of Surgery Partners.

Executive Overview

As of December 31, 2018, we owned and operated a national network of surgical facilities, physician practices and a suite of ancillary services in 31 states. Our surgical facilities, which include ASCs and surgical hospitals, primarily provide non-emergency surgical procedures across many specialties, including, among others, gastroenterology ("GI"), general surgery, ophthalmology, orthopedics and pain management. Our surgical hospitals provide services, such as diagnostic imaging, laboratory, obstetrics, oncology, pharmacy, physical therapy and wound care. Our portfolio of outpatient surgical facilities is complemented by our suite of ancillary services, which support our physicians in providing high quality and cost-efficient patient care. As a result, we believe we are well positioned to benefit from rising consumerism and payors' and patients' focus on the delivery of high quality care and superior clinical outcomes in the lowest cost and care setting.

As of December 31, 2018, we owned or operated, primarily in partnership with physicians, a portfolio of 123 surgical facilities comprised of 108 ASCs and 15 surgical hospitals across 31 states. We owned a majority interest in 84 of the surgical facilities and consolidated 106 of these facilities for financial reporting purposes. During the year ended December 31, 2018, approximately 521,000 surgical procedures were performed in our surgical facilities, generating approximately $1.7 billion in revenue.

We continue to focus on improving our same-facility performance, selectively acquiring established facilities and developing new facilities. During the year ended December 31, 2018, we acquired five surgical facilities in new markets, two surgical facilities in existing markets, one of which was merged into an existing facility and multiple physician practices for a total investment of $106.4 million. Further, during the year ended December 31, 2018, we disposed of four surgery centers, two surgical hospitals and two optical businesses for net cash proceeds of $18.7 million, and recognized a net pretax loss of $21.2 million. This non-cash loss was primarily a result of the write-off of the net assets of the facility (net of proceeds received) and was primarily driven by the write-off of the associated goodwill.

Revenues

Our revenues consist of patient service revenues and other service revenues. Patient service revenues consist of revenue from our surgical facility services and ancillary services segments. Specifically, patient service revenues include fees for surgical or diagnostic procedures performed at surgical facilities that we consolidate for financial reporting purposes, as well as for patient visits to our physician practices, anesthesia services, pharmacy services and diagnostic screens ordered by our physicians. Other service revenues consist of product sales from our optical laboratories, which were sold in 2018, as well as the discounts and handling charges billed to the members of our optical products purchasing organization. Other service revenues also include management and administrative service fees derived from our non-consolidated facilities that we account for under the equity method, management of surgical facilities and physician practices in which we do not own an interest and management services we provide to physician practices for which we are not required to provide capital or additional assets.

The following table summarizes revenues by service type as a percentage of total revenues:

	Year Ended December 31,		
	2018	2017	2016
Patient service revenues:			
Surgical facilities revenues	93.6%	92.7%	90.3%
Ancillary services revenues	4.5%	5.7%	7.9%
	98.1%	98.4%	98.2%
Other service revenues:			
Optical services revenues	0.5%	0.8%	1.1%
Other	1.4%	0.8%	0.7%
	1.9%	1.6%	1.8%
Total revenues	100.0%	100.0%	100.0%

Payor Mix

The following table sets forth by type of payor the percentage of our patient service revenues generated at the surgical facilities which we consolidate for financial reporting purposes:

	Year Ended December 31,		
	2018	2017	2016
Private insurance payors	54.6%	53.6%	51.5%
Government payors	37.6%	38.3%	39.9%
Self-pay payors	2.9%	2.4%	1.8%
Other payors[1]	4.9%	5.7%	6.8%
Total	100.0%	100.0%	100.0%

[1] Other is comprised of anesthesia service agreements, auto liability, letters of protection and other payor types.

Surgical Case Mix

We primarily operate multi-specialty surgical facilities where physicians perform a variety of procedures in various specialties. We believe this diversification helps to protect us from adverse pricing and utilization trends in any individual procedure type and results in greater consistency in our case volume.

The following table sets forth the percentage of cases in each specialty performed at the surgical facilities which we consolidate for financial reporting purposes:

	Year Ended December 31,		
	2018	2017	2016
Gastrointestinal	21.4%	22.3%	22.7%
General surgery	3.0%	2.7%	2.4%
Ophthalmology	25.3%	27.9%	29.4%
Orthopedics and pain management	37.8%	34.5%	32.4%
Other	12.5%	12.6%	13.1%
Total	100.0%	100.0%	100.0%

Case Growth

Same-facility Information

Same-facility revenues include revenues from our consolidated and non-consolidated surgical facilities (excluding facilities acquired in new markets or divested during the current and prior periods) along with the revenues from our ancillary services. The below table reflects the pro forma effect of the NSH acquisition for a full period in the year ended December 31, 2017.

	Year Ended December 31,	
	2018	2017
Cases	542,335	546,719
Case growth	(0.8)%	N/A
Revenues per case	$ 3,408	$ 3,220
Revenues per case growth	5.8%	N/A
Number of facilities	109	N/A

Segment Information

Our business is comprised of three segments: (1) surgical facility services, (2) ancillary facility services and (3) optical services. For more information about the components of each segment, please see Part I, Item 1. under the heading "Business — Operations" in our 2018 10-K, which is incorporated by reference into this offering memorandum.

"All other" primarily consists of the Company's corporate general and administrative functions.

The following tables present financial information for each reportable segment (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Revenues:			
Surgical facility services	$1,682,278	$1,253,183	$1,042,097
Ancillary services	79,633	76,921	90,836
Optical services	9,545	11,115	12,505
Total revenues	$1,771,456	$1,341,219	$1,145,438
Adjusted EBITDA:			
Surgical facility services	$ 309,513	$ 229,672	$ 214,218
Ancillary services	3,008	(8,781)	12,685
Optical services	2,500	2,950	3,308
All other	(80,253)	(59,540)	(50,948)
Total Adjusted EBITDA[1]	$ 234,768	$ 164,301	$ 179,263
Supplemental Information:			
Cash purchases of property and equipment, net:			
Surgical facility services	$ 34,178	$ 23,916	$ 29,157
Ancillary services	419	2,066	5,388
Optical services	46	156	351
All other	5,162	3,462	4,213
Total cash purchases of property and equipment, net	$ 39,805	$ 29,600	$ 39,109

[1] For a reconciliation of Adjusted EBITDA to (loss) income before income taxes as reflected in the audited consolidated statements of operations see "Certain Non-GAAP Metrics" below.

	December 31, 2018	December 31, 2017
Assets:		
Surgical facility services	$4,204,344	$4,072,521
Ancillary services	52,733	104,274
Optical services	20,084	48,309
All other	399,106	397,669
Total assets	$4,676,267	$4,622,773

Critical Accounting Policies

Our significant accounting policies and practices are described in Note 1 of our consolidated financial statements, which are incorporated by reference into this offering memorandum. In preparing our consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"), we make estimates and assumptions that affect the reported amounts of assets and liabilities

and related disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Certain accounting estimates are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from our current judgments and estimates. Our actual results could differ from those estimates. We believe that the following critical accounting policies are important to the portrayal of our financial condition and results of operations and require our management's subjective or complex judgment because of the sensitivity of the methods, assumptions and estimates used. This listing of critical accounting policies is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment regarding accounting policy.

Consolidation and Control

Our consolidated financial statements include the accounts of our Company, wholly-owned or controlled subsidiaries and variable interest entities in which we are the primary beneficiary. Our controlled subsidiaries consist of wholly-owned subsidiaries and other subsidiaries that we control through our ownership of a majority voting interest or other rights granted to us by contract to function as the sole general partner or managing member of the surgical facility. The rights of limited partners or minority members at our controlled subsidiaries are generally limited to those that protect their ownership interests, including the right to approve the issuance of new ownership interests, and those that protect their financial interests, including the right to approve the acquisition or divestiture of significant assets or the incurrence of debt that either physician limited partners or minority members are required to guarantee on a pro-rata basis based upon their respective ownership, or that exceeds 20.0% of the fair market value of the related surgical facility's assets. All significant intercompany balances and transactions, including management fees from consolidated surgical facilities, are eliminated in consolidation.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. We adopted the new standard effective January 1, 2018, using the modified retrospective method. The presentation of the amount of earnings from operations and net earnings were unchanged upon adoption of the new standard; however, during the year of adoption, we determined that amounts historically considered to be bad debt should be considered an implicit price concession, as defined in FASB Accounting Standards Codification 606, "*Revenue From Contracts With Customers*". This resulted in changes to the presentation of revenues and the provision for bad debts in the consolidated statements of operations. Previously, the estimate for unrealizable amounts was recorded to the provision for bad debts and presented as a component of operating expenses. Upon reassessment during the year of adoption, the estimate for unrealizable amounts is now reflected as an implicit price concession as a reduction to arrive at net revenue. This change in presentation was not material to the financial statements.

Our patient service revenues are derived from surgical procedures performed at our ASCs, patient visits to physician practices, anesthesia services provided to patients, pharmacy services and diagnostic screens ordered by our physicians. The fees for such services are billed either to the patient or a third-party payor, including Medicare and Medicaid. We recognize patient service revenues, net of contractual allowances, which we estimate based on the historical trend of our cash collections and contractual write-offs.

Our optical products purchasing organization negotiates volume buying discounts with optical product manufacturers. The buying discounts and any handling charges billed to the members of the purchasing organization represent the revenues recognized for financial reporting purposes. Revenue is recognized as orders are shipped to members. Product sale revenues from our optical laboratories and marketing products and services businesses, net of an allowance for returns and discounts, is recognized when the product is shipped or service is provided to the customer. We base our estimates for sales returns and discounts on historical experience and have not experienced significant fluctuations between estimated and actual return activity and discounts given.

Other service revenues consist of management and administrative service fees derived from non-consolidated surgical facilities that we account for under the equity method, management of surgical facilities in which we do not own an interest and management services we provide to physician networks for which we are not required to provide capital or additional assets. The fees we derive from these management arrangements are based on a predetermined percentage of the revenues of each surgical facility and physician network. We recognize other service revenues in the period in which services are rendered.

Accounts Receivable

Our patient service revenues and other receivables from third-party payors are recorded net of estimated implicit price concessions which are estimated based on the historical trend of our surgical facilities' cash collections and contractual write-offs, established fee schedules, relationships with payors and procedure statistics. While changes in estimated reimbursement from third-party payors remain a possibility, we expect that any such changes would be minimal and, therefore, would not have a material effect on our financial condition or results of operations.

Our collection policies and procedures are based on the type of payor, size of claim and estimated collection percentage for each patient account. The operating systems used to manage our patient accounts provide for an aging schedule in 30-day increments, by payor, physician and patient. We analyze accounts receivable at each of our surgical facilities to ensure the proper collection and aged category. The operating systems generate reports that assist in the collection efforts by prioritizing patient accounts. Collection efforts include direct contact with insurance carriers or patients, written correspondence and the use of legal or collection agency assistance, as required. Our days sales outstanding was 63 days for the year ended December 31, 2018 and 61 days for the year ended December 31, 2017.

We recognize that final reimbursement of outstanding accounts receivable is subject to final approval by each third-party payor. However, because we have contracts with our third-party payors and we verify the insurance coverage of the patient before services are rendered, the amounts that are pending approval from third-party payors are minimal. Amounts are classified outside of self-pay if we have an agreement with the third-party payor or we have verified a patient's coverage prior to services rendered. It is our policy to collect co-payments and deductibles prior to providing services, where possible. It is also our policy to verify a patient's insurance 72 hours prior to the patient's procedure. Because our services are primarily non-emergency, our surgical facilities have the ability to control these procedures. Our patient service revenues from self-pay payors as a percentage of total revenues were approximately 3% for the year ended December 31, 2018, and 2% for each of the years ended December 31, 2017 and 2016.

Income Taxes and Tax Receivable Agreement

We use the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. If a net operating loss ("NOL") carryforward exists, we make a determination as to whether that NOL carryforward will be utilized in the future. A valuation allowance will be established for certain NOL carryforwards and other deferred tax assets where their recoverability is deemed to be uncertain. The carrying value of the net deferred tax assets is based upon estimates and assumptions related to our ability to generate sufficient future taxable income in certain tax jurisdictions. If these estimates and related assumptions change in the future, we will be required to adjust our deferred tax valuation allowances.

As of December 31, 2018, we had unused federal net operating loss carryforwards ("NOLs") of approximately $516.8 million. Under the Tax Act (as defined below), any U.S. federal NOLs arising in taxable years ending after December 31, 2017 will carry forward indefinitely. However, NOLs arising in taxable years ending before December 31, 2017 will still be subject to a carry forward limitation of

20 years. Our unused NOLs expire in various amounts at varying times beginning in 2025. Unless they expire, these NOLs may be used to offset future taxable income and thereby reduce our income taxes otherwise payable.

We recorded a valuation allowance against our deferred tax assets at December 31, 2018 and 2017 totaling $50.4 million and $11.0 million, respectively. The valuation allowance has been established for certain deferred tax assets for which we believe it is more likely than not that the tax benefits will not be realized, which are primarily interest carryforwards under Section 163(j) ("Section 163(j)") of the Internal Revenue Code of 1986, as amended (the "Code"), certain state net operating losses and capital loss carryforwards. If our expectations for future operating results on a consolidated basis or at the state jurisdiction level vary from actual results due to changes in healthcare regulations, general economic conditions, or other factors, we may need to adjust the valuation allowance, for all or a portion of our deferred tax assets. Our income tax expense in future periods will be reduced or increased to the extent of offsetting decreases or increases, respectively, in our valuation allowance in the period when the change in circumstances occurs. These changes could have a significant impact on our future earnings.

Section 382 ("Section 382") of the Code imposes an annual limit on the ability of a corporation that undergoes an "ownership change" to use its NOLs to reduce its tax liability. An "ownership change" is generally defined as any change in ownership of more than 50.0% of a corporation's "stock" by its "5-percent shareholders" (as defined in Section 382) over a rolling three-year period based upon each of those shareholder's lowest percentage of stock owned during such period. As a result of the Symbion acquisition in 2014, approximately $179 million in NOL carryforwards are subject to an annual Section 382 base limitation of $4.9 million, and, as a result of the NovaMed acquisition in 2011, approximately $17 million in NOL carryforwards are subject to an annual Section 382 base limitation of $4.9 million. As a result of the NSH acquisition, approximately $20.5 million in NOL carryforwards are subject to an annual Section 382 base limitation of $2.8 million. The Private Sale resulted in an ownership change as defined in Section 382. As a result, approximately $461.2 million in NOL carryforwards are subject to an annual Section 382 base limitation of $14.2 million. At this time, we do not believe this limitation, when combined with amounts allowable due to net unrecognized built in gains, will affect our ability to use any NOLs before they expire. However, no such assurances can be provided. If our ability to utilize our NOLs to offset taxable income generated in the future is subject to this limitation, it could have an adverse effect on our business, prospects, results of operations and financial condition.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017 and significantly affected U.S. federal income tax law. For tax years beginning after December 31, 2017, the Tax Act reduces the U.S. federal corporate tax rate from 35% to 21%, allows for 100% expensing of certain capital expenditures, and limits certain interest expense deductions. The SEC staff issued SAB 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. Our accounting for the following elements of the Tax Act is complete: reduction of U.S. federal corporate tax rate from 35% to 21%, 100% expensing of capital expenditures, and the interest expense limitation under Section 163(j).

Tax Receivable Agreement

On May 9, 2017, we entered into an agreement to amend our Income Tax Receivable Agreement, dated September 30, 2015 (as amended, the "TRA"), between the Company, and the other parties referred to therein, which amendment became effective on August 31, 2017. Pursuant to the amendment to the TRA, we agreed to make payments to H.I.G., our former controlling shareholder, in its capacity as the stockholders representative pursuant to a fixed payment schedule. The amounts payable under the TRA are calculated as the product of (i) an annual base amount and (ii) the maximum corporate federal income tax rate for the applicable year plus three percent. The amounts payable under the TRA are related to our projected realized tax savings over the next five years and are not dependent on our actual tax savings.

Amounts payable pursuant to the TRA will be adjusted downward in the event that the maximum corporate federal income tax rate is reduced. To the extent that we are unable to make payments under the TRA and such inability is a result of the terms of credit agreements and other debt documents that are materially more restrictive than those existing as of September 30, 2015, such payments will be deferred and will accrue interest at a rate of LIBOR plus 500 basis points until paid. If the terms of such credit agreements and other debt documents cause us to be unable to make payments under the TRA and such terms are not materially more restrictive than those existing as of September 30, 2015, such payments will be deferred and will accrue interest at a rate of LIBOR plus 300 basis points until paid. As a result of the amendment to the TRA, we were required to value the liability under the TRA by discounting the fixed payment schedule using the Company's incremental borrowing rate.

Assuming our tax rate is 24%, calculated as the maximum corporate federal tax rate plus three percent, throughout the remaining term of the TRA, we estimate the total remaining amounts payable under the TRA are approximately $64.6 million as of December 31, 2018. The carrying value of the liability under the TRA, reflecting the discount as discussed above, was $48.5 million as of December 31, 2018

Impairment of Goodwill

We test goodwill for impairment at least annually, as of October 1, or more frequently if certain indicators arise. We test for goodwill impairment at the reporting unit level, which is defined as one level below an operating segment. As of October 1, 2018, we have identified three reporting units, which include the following: 1) Surgical Facilities, 2) Ancillary Services, and 3) The Alliance, including Optical Synergies ("Alliance"). The Alliance is a component of our Optical Services operating segment. In 2018, we disposed of two previously identified reporting units, Midwest Labs and Family Vision Care.

We compare the carrying value of the net assets of the reporting unit to the estimated fair value of the reporting unit. To determine the fair value of the reporting units, we obtained valuations at the reporting unit level prepared by third-party valuation specialists. This valuation is based on a combination of conventional income and market valuation calculations. The discounted cash flow ("DCF") model that is used in our income valuation is projected based on a year-by-year assessment that considers historical results, estimated market conditions, internal projections, and relevant publicly available statistics. Determining fair value requires the exercise of significant judgment, including assumptions about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. The cash flows employed in the DCF analysis are based on our most recent budgets and business plans aligned with provided guidance and, when applicable, various growth rates are assumed for years beyond the current business plan period. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting units. The variables within the discount rate, many of which are outside of our control, provide the best estimate of all assumptions applied within the DCF model. There can be no assurance that operations will achieve the future cash flows reflected in the projections. In determining the fair value under the market approaches, the analysis includes a control premium, which was based on observable market data and a review of selected transactions of companies that operate in our sector. While we believe that all assumptions utilized in the testing were appropriate, they may not reflect actual outcomes that could occur. Specific factors that could negatively impact the assumptions used include changes to the discount and growth rates and a change in the equity and enterprise premiums being realized in the market.

As of October 1, 2018, prior to our impairment testing, our three reporting units with allocated goodwill were as follows: 1) Surgical Facilities — $3.3 billion, 2) Ancillary Services — $80.0 million, and 3) The Alliance, including Optical Synergies ("Alliance") — $25.3 million. As of the October 1, 2018 valuation, the fair value for the Surgical Facilities reporting unit was substantially in excess of its carrying value. For the Ancillary Services and Alliance reporting units, the carrying value exceeded the fair value, resulting in non-cash impairment charges of $60.7 million and $13.7 million, respectively.

As a result of the impairment charges, the fair value equaled carrying value as of October 1, 2018 for the Ancillary Services and Alliance reporting units, any future adverse events or changes in the assumptions could require additional impairment. Subsequent to the date of our annual impairment test, we considered our operating results for the fourth quarter of 2018, macroeconomic, industry and market conditions, and other market indicators including our market capitalization. Based on our evaluation of all such factors, we concluded that an event had not occurred or circumstances had not changed that would more likely than not reduce the fair value of our reporting units below their carrying values.

In connection with the implementation of pushdown accounting, we performed our goodwill impairment test as of August 31, 2017, then re-evaluated for impairment at October 1, 2017. Both evaluations resulted in no impairment.

Equity-Based Compensation

Transactions in which the Company receives employee and non-employee services in exchange for the Company's equity instruments or liabilities that are based on the fair value of the Company's equity securities or may be settled by the issuance of these securities are accounted for using a fair value method. The fair value of future stock options awarded will be based on the quoted market price of our common stock upon grant, as well as assumptions including expected stock price volatility, risk-free interest rate, expected dividends, and expected term.

Our policy is to recognize compensation expense using the straight line method over the relevant vesting period for units that vest based on time. Our equity-based compensation expense can vary in the future depending on many factors, including levels of forfeitures and whether performance targets are met and whether a liquidity event occurs. Our board of directors and stockholders adopted the Surgery Partners, Inc. 2015 Omnibus Incentive Plan from which our future equity-based awards will be granted.

Results of Operations

The following tables summarize certain results from the statements of operations for the periods indicated (dollars in thousands):

	Year Ended December 31,		
	2018	2017	2016
Revenues	$1,771,456	$1,341,219	$1,145,438
Operating expenses:			
Cost of revenues	1,361,431	1,013,800	821,196
General and administrative expenses	93,558	75,950	60,246
Depreciation and amortization	67,440	51,928	39,551
Provision for doubtful accounts	—	28,752	24,212
Income from equity investments	(8,898)	(6,467)	(4,764)
Loss on disposals and deconsolidations, net	31,822	1,720	2,355
Transaction and integration costs	31,665	13,054	8,738
Impairment charges	74,359	—	—
Loss on debt refinancing	—	18,211	11,876
Loss (gain) on litigation settlements	46,009	(12,534)	(14,101)
Gain on acquisition escrow release	—	(1,167)	—
Other income	(3,768)	(262)	(353)
Total operating expenses	1,693,618	1,182,985	948,956
Operating income	77,838	158,234	196,482
Gain on amendment to tax receivable agreement	—	16,392	—
Tax receivable agreement benefit (expense)	—	25,329	(3,733)
Interest expense, net	(147,003)	(117,669)	(100,571)
(Loss) income before income taxes	(69,165)	82,286	92,178
Income tax expense	26,461	53,550	7,095
Net (loss) income	(95,626)	28,736	85,083
Less: Net income attributable to non-controlling interests	(110,080)	(81,721)	(75,630)
Net (loss) income attributable to Surgery Partners, Inc.	$ (205,706)	$ (52,985)	$ 9,453

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Overview. During 2018, our revenues increased 32.1% to $1.8 billion from $1.3 billion in 2017. We incurred net loss attributable to Surgery Partners, Inc. in 2018 of $205.7 million, compared to net loss of $53.0 million in 2017.

Revenues. Revenues for 2018 and 2017 were as follows (dollars in thousands):

	Year Ended December 31,	
	2018	2017
Patient service revenues	$1,736,975	$1,320,211
Optical service revenues	9,545	11,115
Other service revenues	24,936	9,893
Total revenues	$1,771,456	$1,341,219

Patient service revenues increased 31.6% to $1.7 billion in 2018 compared to $1.3 billion in 2017, primarily due to the 2017 acquisition of NSH. The increase in other service revenues is primarily due to an increase in management and administrative service fees derived from non-consolidated surgical facilities that we account for under the equity method and management of surgical facilities in which we do not own an interest, primarily due to the 2017 acquisition of NSH. Additionally, total revenues in 2018 reflect the impact of our adoption of ASU 2014-09 as discussed in "Critical Accounting Policies — *Revenue Recognition*" above.

Cost of Revenues. Cost of revenues were $1.4 billion in 2018 compared to $1.0 billion in 2017, with the increase in costs primarily attributable to our 2018 and 2017 acquisitions and an increase in supply costs associated with higher acuity surgical case volume. As a percentage of revenues, cost of revenues were 76.9% and 75.6% for 2018 and 2017, respectively.

General and Administrative Expenses. General and administrative expenses were $93.6 million and $76.0 million in 2018 and 2017, respectively. The increase in these expenses is primarily attributable to the acquisition of NSH, but also reflects increases in equity-based compensation, rent costs and general inflation. As a percentage of revenues, general and administrative expenses were 5.3% in 2018 compared to 5.7% in 2017. This increase includes $7.0 million attributable to the acquisition of NSH, which was included in our operations for four months of 2017 but for all 12 months of 2018.

Depreciation and Amortization. Depreciation and amortization was $67.4 million and $51.9 million in 2018 and 2017, respectively. The increase in 2018 is primarily attributable to the acquisition of NSH. As a percentage of revenues, depreciation and amortization expenses were 3.8% in 2018 and 3.9% in 2017.

Provision for Doubtful Accounts. As described in Note 1 to our consolidated financial statements incorporated by reference in this offering memorandum, we adopted a new accounting standard in 2018, which resulted in a change in recognition of our provision for doubtful accounts. Beginning in 2018, we considered such amounts as implicit price concessions and recorded that estimate as a component of reported revenue. Prior periods were not reclassified based on the modified retrospective transition method adopted by the Company.

Income from Equity Investments. Income from equity investments was $8.9 million and $6.5 million in 2018 and 2017, respectively. The increase is attributed the four equity method investments that were included in the acquisition of NSH.

Loss on Disposals and Deconsolidations, Net. The net loss on disposals and deconsolidations was $31.8 million in 2018, which included a net loss of $20.1 million on the disposal of six surgical facilities and our optical laboratory, and the deconsolidation of a surgical facility. The remaining loss is related to disposals of other long-lived assets. The net loss on disposals and deconsolidations in 2017 was attributable to disposals of other long-lived assets.

Transaction and Integration Costs. We incurred $31.7 million of transaction and integration costs in 2018 compared to $13.1 million in 2017, as a majority of integration costs were incurred in 2018 for the NSH acquisition as well as other acquisitions that occurred in 2018 (refer to notes to consolidated financial statements for additional detail).

Impairment charges. As described in the Critical Accounting Policies section above, in 2018 we recorded a non-cash impairment charge of $60.7 million and $13.7 million for goodwill assigned to our Ancillary Services and Alliance reporting units, respectively. This charge was warranted based on the calculated fair value compared to the carrying value of these reporting units.

Loss on Debt Refinancing. In 2017, we incurred a loss on debt refinancing of $18.2 million. The 2017 loss includes the partial write-off of unamortized debt issuance costs and discount related to the prepayment and termination of our then-existing senior secured revolving credit facility and senior secured term loan facility and a portion of costs incurred with entering into the Senior Secured Credit Facilities.

Loss (Gain) on Litigation Settlement. We incurred a loss on a potential resolution of an investigation in the amount of $46.0 million in 2018 related to the government investigation discussed in Item 3. "Legal Proceedings" in our 2018 10-K, which is incorporated by reference into this offering memorandum. In 2017, we recorded a gain of $12.5 million related to legal settlements reached in 2017.

Tax Receivable Agreement. In 2017, we recognized a tax receivable agreement gain of $16.4 million primarily as a result of the amendment of the TRA. No such gain occurred in 2018. Also in 2017, we recognized a tax receivable agreement benefit of $25.3 million related to a reduction in the corporate tax rate from the Tax Cuts and Jobs Act. We did not incur a tax receivable agreement benefit in 2018.

Interest Expense, Net. Interest expense, net, increased to $147.0 million in 2018 compared to $117.7 million in 2017. The increase primarily relates to the issuance of our $370 million Senior Unsecured Notes on June 30, 2017 due 2025 and an increase in our variable rate debt due to the refinancing of our Senior Secured Credit Facility as of August 31, 2017. Additionally, we entered into an incremental term loan amendment to provide for a $180.0 million senior secured incremental term loan, which was fully drawn on October 23, 2018. As a percentage of revenues, interest expense, net was 8.3% in 2018 compared to 8.8% in 2017.

Income Tax Expense (Benefit). Income tax expense was $26.5 million and $53.6 million in 2018 and 2017, respectively. The effective tax rate was (38.3)% for 2018 compared to 65.1% in 2017. The change in effective tax rate was primarily attributable to the tax-effect of the non-deductible goodwill impairment and the valuation allowance that was recorded related to the 163(j) interest deferred tax asset.

Net Income Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests was $110.1 million and $81.7 million in 2018 and 2017, respectively. The increase in this amount is predominantly due to the inclusion of NSH for the full-year of 2018. As a percentage of revenues, net income attributable to non-controlling interests was 6.2% in the 2018 period and 6.1% for the 2017 period.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Overview. During 2017, our revenues increased 17.1% to $1.3 billion from $1.1 billion in 2016. We incurred net loss attributable to Surgery Partners, Inc. in 2017 of $53.0 million, compared to income of $9.5 million in 2016.

Revenues. Revenues for 2017 and 2016 were as follows (dollars in thousands):

	Year Ended December 31,	
	2017	2016
Patient service revenues	$1,320,211	$1,124,604
Optical service revenues	11,115	12,505
Other service revenues	9,893	8,329
Total revenues	$1,341,219	$1,145,438

Patient service revenues increased 17.4% to $1.3 billion in 2017 compared to $1.1 billion in 2016. This increase in patient service revenues was primarily attributable to the 2017 acquisition of NSH.

Cost of Revenues. Cost of revenues were $1.0 billion in 2017 compared to $821.2 million in 2016. The increase is primarily attributable to our 2017 and 2016 acquisitions, and an increase in supply costs due to a higher acuity surgical case volume. As a percentage of revenues, cost of revenues were 75.6% and 71.7% for 2017 and 2016, respectively.

General and Administrative Expenses. General and administrative expenses were $76.0 million and $60.2 million in 2017 and 2016, respectively. The increase is primarily attributable to the acquisition of NSH, but also reflects increases in equity-based compensation expense, rent costs, contingent acquisition compensation expense and general inflation. The remaining increase is attributable to overall growth of the business. As a percentage of revenues, general and administrative expenses were 5.7% for the 2017 period compared to 5.3% for the 2016 period.

Depreciation and Amortization. Depreciation and amortization was $51.9 million and $39.6 million in 2017 and 2016, respectively. The increase is primarily attributable to the acquisition of NSH, and the remeasurement of assets at fair value in connection with the application of pushdown accounting. As a percentage of revenues, depreciation and amortization expenses were 3.9% in 2017 and 3.5% in 2016.

Provision for Doubtful Accounts. The provision for doubtful accounts was $28.8 million in 2017 compared to $24.2 million in 2016. The increase is attributable to the acquisition of NSH. As a percentage of revenues, the provision for doubtful accounts was 2.1% for both 2017 and 2016.

Income from Equity Investments. Income from equity investments was $6.5 million and $4.8 million in 2017 and 2016, respectively. The increase is attributed to the four equity method investments that were included in the acquisition of NSH.

Loss on Disposals and Deconsolidations, Net. The net loss on disposals and deconsolidations was $1.7 million and $2.4 million 2017 and 2016, respectively, which was attributable to disposals of other long-lived assets for both periods.

Transaction and Integration Costs. We incurred $13.1 million of transaction and integration costs in 2017 compared to $8.7 million in 2016. The increase relates to the Transactions on August 31, 2017, as well as other acquisitions that occurred in 2017.

Loss on Debt Refinancing. We incurred $18.2 million as a loss on debt refinancing in 2017 compared to $11.9 million in 2016. The 2017 loss includes the partial write-off of unamortized debt issuance costs and discount related to the prepayment of the then-existing senior secured revolving credit facility and senior

secured term loan facility and a portion of costs incurred with entering into the Senior Secured Credit Facilities.

Gain on Litigation Settlement. We recorded a gain on litigation settlement of $12.5 million in 2017 compared to $14.1 million in 2016. These items related to a legal settlements for the year in which the settlements were reached.

Tax Receivable Agreement. In 2017, we recognized a tax receivable agreement gain of $16.4 million primarily as a result of the amendment of the TRA. No such gain occurred in 2016. Also in 2017, we recognized a tax receivable agreement benefit of $25.3 million related to a reduction in the corporate tax rate from the Tax Cuts and Jobs Act. The 2016 expense was recorded to update the initial estimated liability for the filed tax returns and final 2015 tax losses that are included in the amounts payable under the TRA.

Interest Expense, Net. Interest expense, net, increased to $117.7 million in 2017 compared to $100.6 million in 2016. The increase primarily relates to the issuance of our $370 million Senior Unsecured Notes on June 30, 2017 due 2025 and the refinancing of our Senior Secured Credit Facility as of August 31, 2017.

Income Tax Expense (Benefit). Income tax expense was $53.6 million and $7.1 million in 2017 and 2016, respectively. The effective tax rate was 65.1% for 2017 and 7.7% for 2016. The change in effective tax rate was primarily attributable to the remeasurement of our deferred tax assets and liabilities due to the enactment of the 2017 Tax Cuts and Jobs Act.

Net Income Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests was $81.7 million and $75.6 in 2017 and 2016, respectively. The increase is attributable to the acquisition of NSH. As a percentage of revenues, net income attributable to non-controlling interests was 6.1% in 2017 and 6.6% in 2016.

Liquidity and Capital Resources

Operating Activities

The primary source of our operating cash flow is the collection of accounts receivable from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies and individuals. Cash flow provided by operating activities was $144.6 million, $120.9 million and $125.2 million in 2018, 2017 and 2016, respectively. The increase in operating cash flow in 2018 is primarily attributed to the additional revenue contribution from our 2017 acquisition of NSH plus other 2018 acquisitions, partially offset by integration costs and a decline in the performance of our ancillary business. The decline in operating cash flow for 2017, compared to 2016, was primarily related to the decline in performance of our ancillary business.

Investing Activities

Net cash used in investing activities in 2018 was $128.9 million, which included $39.8 million related to purchases of property and equipment. We paid $106.8 million, in cash for acquisitions (net of cash acquired), which included five surgical facilities in new markets, two surgical facilities in an existing market, one of which was merged into an existing facility and multiple physician practices. Further, we received $19.2 million in proceeds from disposals of six surgical facilities and our optical laboratory.

Net cash used in investing activities in 2017 was $783.4 million, which included $29.6 million related to purchases of property and equipment. We paid $755.1 million in cash for acquisitions (net of cash acquired), of which $711.7 million related to the acquisition of NSH. The remaining amount included the acquisitions of four physician practices and one surgical facility. Further, we received $1.3 million in proceeds from the disposal of a surgical facility.

Net cash used in investing activities in 2016 was $184.7 million, which included $39.1 million related to purchases of property and equipment. We paid $146.4 million in cash for acquisitions (net of cash acquired), of which $129.8 million, excluding the $16.6 million of contingent acquisition consideration, related to the purchase of six surgical facilities, one of which was merged with an existing facility, three anesthesia practices, eleven physician practices, a lab and a pharmacy. Further, we received $0.8 million in proceeds from the disposal of a surgical facility.

Financing Activities

Net cash used in financing activities in 2018 was $6.3 million. During this period, we made distributions to non-controlling interest holders of $109.0 million and payments related to ownership transactions with consolidated affiliates of $2.2 million. Further, we made repayments on our long-term debt of $157.6 million offset by borrowings of $282.7 million, which included incremental term loan borrowings of $180.0 million. In connection with the incremental term loan, we made payments of debt issuance costs of $3.0 million. In addition, we made preferred dividend payments of $7.8 million and repurchased $2.0 million of our common stock pursuant to our $50 million repurchase program announced on December 15, 2017.

Net cash provided by financing activities in 2017 was $767.7 million. During this period, we made distributions to non-controlling interest holders of $83.8 million and payments related to ownership transactions with consolidated affiliates of $0.5 million. Further, we made repayments on our long-term debt of $1.2 billion offset by borrowings of $1.8 billion. In addition, we made payments of debt issuance costs of $58.6 million and received proceeds on the issuance of preferred stock of $291.7 million, net of issuance costs, and repurchased $2.0 million of our common stock pursuant to our $50 million repurchase program announced on December 15, 2017.

Net cash provided by financing activities in 2016 was $71.3 million. During this period, we made distributions to non-controlling interest holders of $65.8 million and payments related to ownership transactions with consolidated affiliates of $20.1 million. Further, we made repayments on our long-term debt of $473.4 million offset by borrowings of $650.7 million. In addition, we made payments of debt issuance costs of $14.3 million and a penalty on the prepayment of debt of $4.9 million during the period.

Long-Term Debt

As of December 31, 2018, the carrying value of our total indebtedness, including capital leases, was $2.326 billion, which includes net unamortized fair value premium of $1.2 million and unamortized deferred financing costs of $2.9 million.

Senior Secured Credit Facilities

As of December 31, 2018, we had Term Loan borrowings with a carrying value of $1.448 billion, consisting of outstanding aggregate principal of $1.453 billion and unamortized fair value discount of $5.5 million. In 2018, we entered into an incremental term loan amendment, which amended and supplemented the Credit Agreement, dated as of August 31, 2017 (the "Credit Agreement"), to provide for an incremental borrowing of $180.0 million. The incremental amounts were fully drawn on October 23, 2018, and the proceeds thereof were used to fund acquisitions and for other general corporate purposes. The incremental borrowings bear interest and is subject to maturity, amortization and other terms consistent with the existing term loans outstanding as disclosed below.

The Term Loan matures on August 31, 2024 (or, if at least 50.0% of the 2021 Senior Unsecured Notes shall have not either been repaid or refinanced with permitted indebtedness having a maturity date not earlier than six months after the maturity date of the Term Loan by no later than October 15, 2020, then October 15, 2020). The Term Loan amortizes in equal quarterly installments of 0.25% of the aggregate original principal amount of the Term Loan.

We have a Revolver providing for revolving borrowings of up to $75.0 million (and, upon the effectiveness of the 2019 Incremental Revolving Commitments (as defined below), we will have a revolving credit facility

providing commitments for revolving borrowings of up to $120.0 million). The Revolver will mature on August 31, 2022 (or, if at least 50.0% of the 2021 Senior Unsecured Notes have not either been repaid or refinanced with permitted indebtedness having a maturity date not earlier than six months after the maturity date of the Term Loan by no later than October 15, 2020, then October 15, 2020). As of December 31, 2018, our availability on the Revolver (without giving effect to the 2019 Incremental Revolving Commitments) was $71.2 million (with outstanding letters of credit of $3.8 million).

The Revolver may be utilized for working capital, capital expenditures and general corporate purposes. Subject to certain conditions and requirements set forth in the credit agreement, we may request one or more additional incremental term loan facilities or one or more increases in the commitments under the Revolver.

The Senior Secured Credit Facilities bear interest at a rate per annum equal to (x) LIBOR plus a margin ranging from 3.00% to 3.25% per annum, depending on our first lien net leverage ratio or (y) an alternate base rate (which will be the highest of (i) the prime rate, (ii) 0.5% per annum above the federal funds effective rate and (iii) one-month LIBOR plus 1.00% per annum (solely with respect to the Term Loan, the alternate base rate shall not be less than 2.00% per annum)) plus a margin ranging from 2.00% to 2.25% per annum. In addition, we are required to pay a commitment fee of 0.50% per annum in respect of unused commitments under the Revolver.

Senior Unsecured Notes

We have senior unsecured notes due April 15, 2021 with a carrying value of $406.7 million as of December 31, 2018. The 2021 Senior Unsecured Notes bear interest at the rate of 8.875% per year, payable semi-annually on April 15 and October 15 of each year.

We have $370.0 million aggregate principal amount of senior unsecured notes due July 1, 2025 outstanding as of December 31, 2018. The 2025 Senior Unsecured Notes bear interest at the rate of 6.750% per year, payable semi-annually on January 1 and July 1 of each year.

Other Debt

We and certain of our subsidiaries have other debt consisting of outstanding bank indebtedness of $79.3 million, which is collateralized by the real estate and equipment owned by the surgical facilities to which the loans were made, and capital lease obligations of $25.4 million for which we are liable to various vendors for several property and equipment leases classified as capital leases.

Summary

We believe we have sufficient liquidity in the next 12 to 18 months as described above. Nevertheless, we continue to monitor the state of the financial and credit markets and our current and expected liquidity and capital resource needs, and intend to continue to explore various financing alternatives to improve our capital structure, including reducing debt, extending maturities or relaxing financial covenants. These may include new equity or debt financings or exchange offers with existing security holders (including exchanges of debt for debt or equity) and other transactions involving our outstanding securities, given their secondary market trading prices. We cannot assure you, if we pursue any of these transactions, that we will be successful in completing a transaction on attractive terms, or at all.

Certain Non-GAAP Metrics

Adjusted EBITDA is not a measurement of financial performance under GAAP, and should not be considered in isolation or as a substitute for net income, operating income or any other measure calculated in accordance with GAAP. The items excluded from this non-GAAP metric are significant components in understanding and evaluating our financial performance. We believe such adjustments are appropriate, as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

When we use the term "Adjusted EBITDA", we are referring to income before income taxes, adjusted for net income attributable to non-controlling interests, interest expense, net, depreciation and amortization, equity-based compensation expense, contingent acquisition compensation expense, transaction, integration and acquisition costs, loss (gain) on litigation settlements, gain on acquisition escrow release, loss on disposals and deconsolidations, net, reserve adjustments, impairment charges, gain on amendment to tax receivable agreement, tax receivable agreement (benefit) expense and loss on debt refinancing. We use Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by our management to assess operating performance, make business decisions and allocate resources.

The following table reconciles Adjusted EBITDA to (loss) income before income taxes, the most directly comparable GAAP financial measure (in thousands and unaudited):

	Year Ended December 31,		
	2018	2017	2016
Consolidated Statements of Operations Data:			
(Loss) income before income taxes	$ (69,165)	$ 82,286	$ 92,178
Plus (minus):			
Net income attributable to non-controlling interests	(110,080)	(81,721)	(75,630)
Interest expense, net	147,003	117,669	100,571
Depreciation and amortization	67,440	51,928	39,551
Equity-based compensation	9,344	5,584	2,021
Contingent acquisition compensation expense	1,510	7,039	5,092
Transaction, integration and acquisition costs[1]	33,856	17,007	11,617
Loss (gain) on litigation settlements	46,009	(12,534)	(14,101)
Gain on acquisition escrow release	—	(1,167)	—
Loss on disposals and deconsolidations, net	31,822	1,720	2,355
Reserve adjustments[2]	2,670	—	—
Impairment charges	74,359	—	—
Gain on amendment to tax receivable agreement	—	(16,392)	—
Tax receivable agreement (benefit) expense	—	(25,329)	3,733
Loss on debt refinancing	—	18,211	11,876
Adjusted EBITDA	$ 234,768	$164,301	$179,263

(1) This amount includes transaction and integration costs of $31.7 million, $13.1 million and $8.7 million in 2018, 2017 and 2016, respectively, and acquisition costs of $2.2 million, $3.9 million and $2.9 million in 2018, 2017 and 2016, respectively.

(2) This amount represents adjustments to revenue in connection with applying consistent policies across the combined company as a result of the integration of Surgery Partners and NSH.

We use Credit Agreement EBITDA as a measure of liquidity and to determine our compliance under certain covenants pursuant to our credit facilities. Credit Agreement EBITDA is determined on a trailing twelve-month basis. We have included it because we believe that it provides investors with additional information about our ability to incur and service debt and make capital expenditures. Credit Agreement EBITDA is not a measurement of liquidity under GAAP, and should not be considered in isolation or as a substitute for any other measure calculated in accordance with GAAP. The items excluded from Credit Agreement EBITDA are significant components in understanding and evaluating our liquidity. Our calculation of Credit Agreement EBITDA may not be comparable to similarly titled measures reported by other companies.

When we use the term "Credit Agreement EBITDA," we are referring to Adjusted EBITDA, as defined above, further adjusted for acquisitions and non-cash expenses. These adjustments do not relate to our historical financial performance and instead relate to estimates compiled by management and calculated in conformance with the definition of "Consolidated EBITDA" used in the credit agreements governing our Senior Secured Credit Facilities.

The following table reconciles Credit Agreement EBITDA to cash flows from operating activities, the most directly comparable GAAP financial measure (in thousands and unaudited):

	Year Ended December 31, 2018
Cash flows from operating activities	$ 144,600
Plus (minus):	
Net income attributable to non-controlling interests	(110,080)
Non-cash interest income, net	1,415
Deferred income taxes	(25,272)
Income from equity investments, net of distributions received	(243)
Changes in operating assets and liabilities, net of acquisitions and divestitures	(33,161)
Income tax expense	26,461
Interest expense, net	147,003
Transaction, integration and acquisition costs	33,856
Reserve adjustments	2,670
Contingent acquisition compensation expense	1,510
Loss on litigation settlement	46,009
Acquisitions[(1)]	38,701
Credit Agreement EBITDA	$ 273,469

(1) Represents impact of acquired physician practices and surgical facilities as if each acquisition had occurred on January 1, 2018, including cost savings from reductions in corporate overhead, supply chain rationalization, enhanced physician engagement, improved payor contracting and revenue synergies associated with the NSH acquisition. Further, this includes revenue synergies from other business initiatives calculated in accordance with the definition of "Consolidated EBITDA" used in the credit agreement governing our Senior Secured Credit Facilities.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations by period as of December 31, 2018 (in thousands):

	Payments Due by Period				
	Total	Less than 1 year	1 -3 years	4 -5 years	More than 5 years
Long-term debt obligations, including interest[1]	$2,715,896	$196,046	$2,041,391	$ 66,337	$412,122
Capital lease obligations, including interest	28,898	8,846	11,384	4,441	4,227
Operating lease obligations[2]	812,489	81,455	142,377	118,463	470,194
Other financing obligations, including interest[3]	175,169	12,642	26,326	27,780	108,421
Tax receivable agreement	64,604	7,601	36,110	20,393	500
Total contractual obligations	$3,797,056	$306,590	$2,257,588	$237,414	$995,464

(1) Included in long-term debt obligations are principal and interest owed on our outstanding debt obligations. These amounts exclude our unamortized fair value adjustments related non-cash amortization for the Term Loan and 2021 Senior Unsecured Notes. These obligations are explained further in Note 5 to our consolidated financial statements, which are incorporated by reference into this offering memorandum. We used the applicable annual interest rate as of December 31, 2018 of 5.6%, based on LIBOR plus the applicable margin, for our $1.5 billion outstanding Term Loan to estimate interest payments on this variable rate debt instrument.

(2) This reflects our future minimum operating lease payments. We enter into operating leases in the normal course of business. Substantially all of our operating lease agreements have fixed payment terms based on the passage of time. Some lease agreements provide us with the option to renew the lease. Our future operating lease obligations would change if we exercised these renewal options and if we entered into additional operating lease agreements. These obligations are explained further in Note 6 to our consolidated financial statements, which are incorporated by reference into this offering memorandum. Operating lease obligations do not include common area maintenance, insurance or tax payments for which we are also obligated to pay.

(3) Other financing obligations includes amounts due under our facility lease obligations at four of our surgical facilities as discussed further in Note 13 to our consolidated financial statements, which are incorporated by reference into this offering memorandum.

Inflation

Inflation and changing prices have not significantly affected our operating results or the markets in which we operate.

Recent Accounting Pronouncements

Please refer to Note 1 to our consolidated financial statements, which are incorporated by reference into this offering memorandum, for a discussion of the impact of the adoption of recently issued accounting standards and accounting standards not yet adopted.

MANAGEMENT

The following table sets forth the name, age (as of December 31, 2018) and position of individuals who currently serve as the directors and executive officers of Surgery Partners, Inc. The following also includes certain information regarding our directors' and officers' individual experience, qualifications, attributes and skills.

NAME	AGE	POSITION
Wayne S. DeVeydt	49	Chief Executive Officer, Director
Thomas F. Cowhey	46	Executive Vice President, Chief Financial Officer
Jennifer B. Baldock	48	Executive Vice President, Chief Legal Officer
Adam Feinstein	47	Director
Brent Turner	53	Director
Teresa DeLuca, M.D.	53	Director
Andrew Kaplan	34	Director
Devin O'Reilly	44	Director
Clifford G. Adlerz	65	Director

Wayne S. DeVeydt has served as Chief Executive Officer and director of Surgery Partners, Inc. since January 2018. Prior to this, Mr. DeVeydt served as a Senior Advisor to the Global Healthcare division of Bain Capital Private Equity, LP, the investment advisor of BCPE Seminole Holdings LP, the Company's controlling shareholder, from January 2017 until January 3, 2018. From May 2007 to May 2016, Mr. DeVeydt served as Executive Vice President and Chief Financial Officer of Anthem, Inc., a health insurance company. From March 2005 to May 2007, he served as Anthem's Senior Vice President and Chief Accounting Officer and for a portion of that time, he also served as Chief of Staff to the Chairman and Chief Executive Officer. Prior to joining Anthem, Mr. DeVeydt served as an audit partner at PricewaterhouseCoopers LLP, focused on companies in the national managed care and insurance industries. Mr. DeVeydt currently serves as a director of NiSource Inc., a utilities company, which role he assumed in March 2016. Mr. DeVeydt is also on the board of directors of Grupo Notre Dame Intermedica. Mr. DeVeydt received his B.S. in Business Administration from the University of Missouri in St. Louis.

Thomas F. Cowhey has served as Chief Financial Officer of Surgery Partners, Inc. since April 2018. Prior to this, Mr. Cowhey held various financial management roles at Aetna, Inc., including financial oversight for various business operations, corporate development, investor relations and treasury. From 2016 to 2018, he served as the Chief Financial Officer of Aetna's Institution Business portfolio, including Aetna's health plan businesses. During 2016, he served as Chief Financial Officer of Aetna's Consumer Health & Services portfolio, and from 2010 to 2016, Mr. Cowhey served as Vice President of Investor Relations and Business Development. Prior to his time at Aetna, Mr. Cowhey held a variety of investment banking roles. Mr. Cowhey received his B.S. degree in economics from Wesleyan University and an M.B.A. degree from Duke University.

Jennifer B. Baldock has served as Executive Vice President and Chief Legal Officer of Surgery Center Holdings, Inc. since our acquisition of Symbion in November 2014 and as Vice President, Secretary and General Counsel of Surgery Partners, Inc. since April 2015. Ms. Baldock previously served as General Counsel and Chief Compliance Officer of Symbion Holdings Corporation and Symbion, Inc. Prior to joining Symbion in 2010, she served as Assistant General Counsel for both Ambulatory Services of America and Renal Care Group. Prior to that, Ms. Baldock practiced law with Waller Lansden Dortch and Davis in Nashville, Tennessee, concentrating in corporate law with an emphasis on healthcare mergers and

acquisitions. She is also a Certified Public Accountant (inactive). Ms. Baldock holds a Bachelor of Arts in Economics and Accounting from Lipscomb University and a Juris Doctor from the University of Alabama.

Adam Feinstein has served as Director of Surgery Partners, Inc. since August 2015. Mr. Feinstein co-founded Vesey Street Capital Partners, L.L.C., a healthcare services private equity fund, in 2014 and has been a Managing Partner since that time. From 2012 to 2014, Mr. Feinstein served as the Senior Vice President of Corporate Development, Strategic Planning and Office of the CEO at LabCorp and prior to that served as a Managing Director in Equity Research at Barclays Capital. He is a board member at ScribeAmerica, the nation's leading provider of medical scribes. Mr. Feinstein is a CFA charterholder and has a B.S. in Business from the Smith School at the University of Maryland at College Park. He also completed the Nashville Healthcare Council Fellows program.

Brent Turner has served as Director of Surgery Partners, Inc. since December 2015. Mr. Turner is currently the President of Acadia Healthcare Company Inc (Nasdaq: ACHC), and has served as the President since joining Acadia in 2011. Prior to joining Acadia, Mr. Turner served as the Executive Vice President of Finance and Administration of Psychiatric Solutions, Inc. Mr. Turner serves on the Board of Directors of LHC Group, Inc. (Nasdaq: LHCG) and the National Association of Psychiatric Health Systems (NAPHS). Mr. Turner holds a B.A. in Economics from Vanderbilt University and an M.B.A. from the Vanderbilt Owen Graduate School of Management.

Teresa DeLuca, M.D. has served as Director of Surgery Partners, Inc. since September 2016. Dr. DeLuca is an Assistant Clinical professor of psychiatry at the Icahn School of Medicine at Mount Sinai in New York City and serves on the editorial board of the American Health & Drug Benefit Journal. She was previously the Chief Medical Officer of Magellan Pharmacy Solutions at Magellan Health, SVP of Pharmacy Health Solutions at Humana, VP of Clinical Sales Solutions & National Medical Director at Walgreen Co., and VP of Personalized Medicine as well as VP of Medical Policy & Clinical Quality at Medco. Prior to taking on these executive leadership roles, Dr. DeLuca was a Senior Director of Global Product Development Services at PRA International and a Senior Medical Scientist at GlaxoSmithKline. Dr. DeLuca received her M.B.A. from Drexel University and her residency (M.D.) from Jefferson Medical College of Thomas Jefferson University. Dr. DeLuca currently serves as a director of North Bud Farms, Inc.

Andrew Kaplan has served as a Director of Surgery Partners, Inc. since August 2018. Mr. Kaplan joined Bain Capital Private Equity, LP in 2009 and serves as a Principal. Prior to joining Bain Capital Private Equity, LP, Mr. Kaplan was an investment banker at Goldman Sachs. Mr. Kaplan has served as a director of QuVa Pharma, Inc. since 2015 and Beacon Health Options since 2018. Mr. Kaplan has also served on the board of trustees for the Dana-Farber Cancer Center since 2019. Mr. Kaplan holds an MBA from Harvard Business School and a BS in Economics from The Warton School at the University of Pennsylvania.

Devin O'Reilly has served as Director and Chairman of the Board of Surgery Partners, Inc. since August 2017. Mr. O'Reilly joined Bain Capital Private Equity in 2005 and has served as a Managing Director since 2013. Prior to joining Bain Capital Private Equity, Mr. O'Reilly was a consultant at Bain & Company where he consulted for private equity and healthcare industry. Mr. O'Reilly has served as a director of Grupo Notre Dame Intermedica since 2014, and Aveanna Healthcare since 2017. Mr. O'Reilly holds a B.A. from Princeton University and an M.B.A. from The Wharton School at the University of Pennsylvania.

Clifford G. Adlerz has served as director of Surgery Partners, Inc. since October 2017 and as a Consultant to Surgery Partners, Inc. since February 2018. Mr. Adlerz previously served as Interim Chief Executive Officer of Surgery Partners, Inc. from September 2017 until January 2018. Before his time at Surgery Partners, Mr. Adlerz held several management roles at Symbion, Inc., a large multi-specialty provider of ambulatory surgery centers and hospitals, including as President from May 2002 until Symbion was acquired by Surgery Partners in November 2014. Prior to joining Symbion, Mr. Adlerz served as Division Vice President of HCA, a healthcare facilities operator, as well as Regional Vice President of Midsouth HealthTrust. Mr. Adlerz previously served as a director for the National Ambulatory Surgery Center Association and was part of the leadership group for ASC Quality Collaboration. Mr. Adlerz holds a B.A. in Business and an M.B.A. from the University of Florida.

PRINCIPAL STOCKHOLDER

As of the date of this offering memorandum, 100% of the issued and outstanding capital stock of Surgery Center Holdings, Inc. is indirectly owned by Surgery Partners, Inc., and approximately 65.9% of the issued and outstanding common stock of Surgery Partners, Inc. is indirectly owned by investment funds advised by affiliates of Bain Capital.

RELATED PERSON TRANSACTIONS

The following is a description of transactions, since January 1, 2018, in which (a) we are a participant, (b) the amount involved exceeds $120,000 and (c) one or more of our executive officers, directors, director nominees or 5% stockholders, or their immediate family members, each of whom we refer to as a "related person," has a direct or indirect material interest. We refer to these as "related person transactions."

Tax Receivable Agreement and related waivers

In connection with Bain Capital's purchase of 26,455,651 shares of our common stock from our former controlling shareholder in 2017 the Company entered into an amendment to its Income Tax Receivable Agreement, dated September 30, 2015 (as amended, the "Amended TRA"), among the Company, the Stockholders Representative and the other parties referred to therein which amendment became effective on August 31, 2017. Pursuant to the Amended TRA, the Company agreed to make payments to H.I.G. Surgery Centers, LLC, in its capacity as the stockholders representative pursuant to a fixed payment schedule. The amounts payable under the Amended TRA are calculated as the product of (i) an annual base amount and (ii) the maximum corporate federal income tax rate for the applicable year plus three percent. The amounts payable under the Amended TRA are related to the Company's projected realized tax savings over the next six years and are not dependent on the Company's actual tax savings over such period. The calculation of amounts payable pursuant to the Amended TRA is thus dependent on the maximum corporate federal income tax rate. To the extent that the Company is unable to make payments under the Amended TRA and such inability is a result of the terms of credit agreements and other debt documents that are materially more restrictive than those existing as of September 30, 2015, such payments will be deferred and will accrue interest at a rate of LIBOR plus 500 basis points until paid. If the terms of such credit agreements and other debt documents cause the Company to be unable to make payments under the Amended TRA and such terms are not materially more restrictive than those existing as of September 30, 2015, such payments will be deferred and will accrue interest at a rate of LIBOR plus 300 basis points until paid.

Registration Rights Agreement

In connection with Bain Capital's purchase of 310,000 shares of our preferred stock in 2017, we entered into an Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") with certain stockholders of the Company and certain other parties thereto, including Bain Capital. Pursuant to the Registration Rights Agreement, the Company has agreed to file a registration statement for a public offering of shares upon the request of Bain Capital and certain of its affiliates, and to use commercially reasonable efforts to effect the registration under the Securities Act of 1933, as amended, of the registrable shares held by the parties to the Registration Rights Agreement, subject to certain limitations as described in the Registration Rights Agreement, including a minimum net aggregate offering price and a limitation on the number of registrations the Company shall be required to effect. The Company also agreed to provide "piggy back," "short-form" and shelf registration rights with respect to such registrable shares, each as described in the Registration Rights Agreement.

Consulting Services Agreement

On August 31, 2018 we entered into a Consulting Services Agreement with Bain Capital Private Equity, LP, the advisor to BCPE Seminole Holdings LP, which we refer to as the Consultant, pursuant to which the Consultant provides us with certain business consulting services and strategic advice. In exchange for these services, we pay the Consultant an annual aggregate fee of $500,000, paid quarterly in advance. In addition, the Consultant was entitled to a one time fee in respect of integration services provided in respect of BCPE Seminole Holdings LP's initial investment $500,000, which was paid as of the date of the agreement. We also reimburse the Consultant for out-of-pocket expenses incurred in connection with the provision of the consulting services. The Consulting Services Agreement includes customary exculpation and indemnification provisions in favor of the Consultant and its affiliates. The initial term of the Consulting

Services Agreement is three years and thereafter automatically renews for successive one-year terms unless 180 days' notice is given by either party.

Indemnification Agreements

We entered into indemnification agreements with each of our directors and executive officers subsequent to our initial public offering. These agreements require us to indemnify these individuals and, in certain cases, affiliates of such individuals, to the fullest extent permissible under Delaware law against liabilities that may arise by reason of their service to us or at our direction, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

Consulting Agreements

In connection with leadership changes during 2018, we entered into consulting agreements with each of Teresa F. Sparks and Clifford G. Adlerz. For further information regarding such agreements, see the disclosures set forth in "Executive Compensation — Leadership Changes" and "Executive Compensation — Potential Payments upon Termination or Change in Control" in our Proxy Statement for our 2018 annual meeting.

Related Person Transactions Policy

We have adopted a formal written policy with respect to the review, approval and ratification of related person transactions. Under the policy, our Audit Committee is responsible for reviewing and approving related person transactions. In the course of its review and approval of related person transactions, our Audit Committee considers the relevant facts and circumstances to decide whether to approve such transactions, including, but not limited to:

- the impact on a director's independence in the event the related person is a director or an immediate family member of the director;
- the benefits to us of the proposed transaction;
- if applicable, the availability of other sources of comparable products or services;
- the terms of the transaction; and
- the terms available to an unrelated third party or to employees generally.

The Audit Committee may also include such factors as: the related person's relationship to us and interest in the transaction, and the material facts of the proposed transaction, including the proposed aggregate value of the transaction. The Audit Committee may approve only those transactions that are in, or are not inconsistent with, our best interests and those of our stockholders, as the Audit Committee determines in good faith.

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

The following is a summary of certain provisions of the agreements evidencing our Senior Secured Credit Facilities and our 2025 Senior Unsecured Notes. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the agreements, including the definitions of certain terms therein that are not otherwise defined in this offering memorandum. For a complete description of the 2025 Senior Unsecured Notes, please see the reports filed with the SEC from time to time listed under the section entitled "Where You Can Find More Information" included in this offering memorandum.

Senior Secured Term Loan and Revolver

General

The Issuer is the borrower under a $1,470.0 million senior secured term loans (the "Term Loan") and a revolving credit facility of $75.0 million (which, upon the 2019 Incremental Revolving Commitments becoming operative, will be increased to $120.0 million) (the "Revolver" and, together with the Term Loan, the "Senior Secured Credit Facilities"). Proceeds of the Revolver may be utilized for working capital, capital expenditures and general corporate purposes

As of December 31, 2018, the Term Loan had a carrying value of $1,448.0 million, consisting of outstanding aggregate principal of $1,453.4 million and unamortized fair value discount of $5.5 million. As of December 31, 2018, the Issuer's undrawn availability on the Revolver was $71.2 million.

Incremental Facilities

The Issuer is permitted to, at its option and subject to certain conditions and requirements set forth in the documentation governing the Senior Secured Credit Facilities, request one or more incremental term loan facilities or one or more increases in the commitments under the Revolver, respectively, in an aggregate amount up to (i) $346.0 million (of which $35.0 million may only be used for one or more increases in commitments under the Revolver, and the remainder of which may be used for either one or more incremental term loan facilities or one or more increases in the commitments under the Revolver), plus (ii) an unlimited additional amount, so long as under this clause (ii) only, on a pro forma basis after the incurrence of such amount (A) if such incremental facility ranks pari passu in right of security on the collateral with the obligations under the Senior Secured Credit Facilities, the first lien net leverage ratio as of the last day of the most recently ended test period does not exceed 3.90:1.00 and (B) if such incremental facility ranks junior in right of security on the collateral to the obligations under the Term Loan and Revolver, the senior secured net leverage ratio as of the last day of the most recently ended test period does not exceed 3.90:1.00.

The Term Loan includes an incremental term loan in original principal amount of $180.0 million previously incurred pursuant to (and in corresponding utilization of) the $346.0 million incremental facilities basket referenced in the foregoing sentence. However, the Issuer may in the future re-classify such incremental term loan as having been incurred pursuant to the unlimited incremental facilities amount referenced in the foregoing sentence subject to compliance with the applicable leverage ratio (and, from and after such time, such incremental term loan shall not be deemed to have been incurred in utilization of capacity under the $346.0 million incremental facilities basket referenced in the foregoing sentence).

We entered into the 2019 Incremental Revolver Commitments, which, immediately upon becoming operative, will increase the outstanding commitments under the Revolver in an amount equal to $45.0 million. The 2019 Incremental Revolver Commitments will automatically become operative upon satisfaction by the Issuer of certain conditions precedent set forth in the amendment to the Senior Secured Facilities documentation providing for the 2019 Incremental Revolver Commitments, which the Issuer expects to satisfy on or around the date that the Notes are issued. The offering of notes hereby is not conditioned on the 2019 Incremental Revolver Commitments becoming operative. The 2019 Incremental

Revolver Commitments, once operative, will be initially incurred pursuant to (and in corresponding utilization of) the $346.0 million incremental facilities basket referenced above. However, the Issuer may in the future re-classify such 2019 Incremental Revolver Commitments as having been incurred pursuant to the unlimited incremental facilities amount referenced above subject to compliance with the applicable leverage ratio (and, from and after such time, the 2019 Incremental Revolver Commitments shall not be deemed to have been incurred in utilization of capacity under the $346.0 million incremental facilities basket referenced above).

Interest and Fees

The Senior Secured Credit Facilities bear interest at a rate per annum equal to (x) adjusted LIBOR (which adjusted LIBOR, solely with respect to the Term Loan, is subject to a minimum of 1.00% per annum) plus a margin ranging from 3.00% to 3.25% per annum, depending on our first lien net leverage ratio or (y) an alternate base rate (which will be the highest of (i) the prime rate, (ii) 0.5% per annum above the federal funds effective rate and (iii) one-month adjusted LIBOR plus 1.00% per annum) (which alternate base rate, solely with respect to the Term Loan, is subject to a minimum of 2.00% per annum) plus a margin ranging from 2.00% to 2.25% per annum.

In addition, on the last business day of each calendar quarter the Issuer is required to pay a commitment fee of 0.50% per annum in respect of unused commitments under the Revolver. The Issuer is also subject to customary letter of credit and agency fees in connection with the Senior Secured Credit Facilities.

Prepayments

The Term Loan requires mandatory prepayments, subject to the right of reinvestment and certain other exceptions, in amounts equal to 100% of the net cash proceeds from certain asset sales and casualty and condemnation events. The Term Loan requires mandatory prepayments, subject to certain exceptions, in amounts equal to 100% of the net proceeds of certain indebtedness the incurrence of which was not permitted under the Term Loan at the time incurred. The Term Loan also requires an annual mandatory prepayment of the Term Loan in an amount equal to a percentage of excess cash flow for the applicable fiscal year that depends on the first lien net leverage ratio for the four fiscal quarter period ending as of the last day of each such fiscal year.

Voluntary prepayment of a Term Loan and reductions of Revolver commitments is permitted, in whole or in part, with prior notice, without premium or penalty (except LIBOR breakage costs) in minimum amounts as set forth in the Term Loan and Revolver.

Final Maturity and Amortization of Principal

The Term Loan matures on August 31, 2024 (assuming that at least 50.0% of the aggregate principal amount of 2021 Senior Unsecured Notes currently outstanding are refinanced with proceeds from the notes offered hereby). The Revolver will mature on August 31, 2022 (assuming that at least 50.0% of the aggregate principal amount of 2021 Senior Unsecured Notes currently outstanding are refinanced with proceeds from the notes offered hereby).

The Term Loan amortizes in equal quarterly installments in aggregate annual amounts equal to 1.0% of the original principal amount of the Term Loan, with the balance payable on the final maturity date.

The Senior Secured Credit Facilities documentation provides the Issuer with the ability to extend commitments and obligations under the Senior Secured Credit Facilities, subject to customary terms and conditions.

Collateral and Guarantees

Indebtedness under the Term Loan and Revolver is guaranteed, on a joint and several basis, by SP Holdco I, Inc. and each of the Issuer's current and future wholly-owned domestic restricted subsidiaries (subject to certain exceptions) and is secured by a first priority security interest in substantially all of the

Issuer's and the guarantors' existing and future tangible and intangible property assets (subject to certain exceptions).

Financial Covenant

With respect to the Revolver, we are required to comply with a maximum consolidated total net leverage ratio (as defined in the Senior Secured Credit Facilities documentation) financial maintenance covenant, which covenant is tested quarterly on a trailing four quarter basis only if, as of the last day of any fiscal quarter of the Company, revolving loans under the Revolver (excluding letters of credit to the extent undrawn or cash collateralized) are outstanding in an aggregate amount greater than 35% of the total commitments under the Revolver at such time. Such financial maintenance covenant is subject to an equity cure and may be amended or waived with the consent of the lenders holding a majority of the commitments under the Revolver.

Restrictive Covenants and Other Matters

In addition to the financial maintenance covenant described above, which applies for the benefit of the lenders under the Revolver, the Term Loan and Revolver include negative covenants restricting or limiting the ability of the Issuer and its restricted subsidiaries, to, among other things:

- sell assets,
- alter the business that we conduct,
- engage in mergers, acquisitions and other business combinations,
- declare dividends or redeem or repurchase equity interests,
- incur additional indebtedness or guarantees,
- make loans and investments,
- incur liens,
- enter into transactions with affiliates,
- prepay certain junior debt, and
- modify or waive certain material agreements and organizational documents.

Such negative covenants are subject to customary and other agreed-upon exceptions. The Term Loan and Revolver also are subject to customary, affirmative covenants and events of default. If an event of default occurs, the administrative agent and lenders under the Term Loan and Revolver are entitled to take various actions, including the acceleration of amounts due thereunder and all actions permitted to be taken by a secured creditor.

2025 Senior Unsecured Notes

General

The Issuer is the issuer of $370.0 million in aggregate principal amount of senior unsecured notes due July 1, 2025 (the "2025 Senior Unsecured Notes").

Interest

The 2025 Senior Unsecured Notes bear interest at the rate of 6.750% per annum, payable semi-annually on January 1 and July 1 of each year.

Prepayments

The Issuer may redeem the 2025 Senior Unsecured Notes, in whole or in part, at any time prior to July 1, 2020 at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a make whole premium. At any time prior to July 1, 2020 we may also redeem up to 40% of the aggregate principal amount of the 2025 Senior Unsecured Notes with the net cash proceeds from certain equity offerings.

The Issuer may redeem the 2025 Senior Unsecured Notes, in whole or in part, at any time on or after July 1, 2020, at a redemption price equal to a percentage of the principal amount of the 2025 Senior

Unsecured Notes redeemed set forth below, plus accrued and unpaid interest, if any, on the 2025 Senior Unsecured Notes redeemed, to, but excluding, the applicable date of redemption (if redeemed during the 12-month period beginning on July 1 of each of the years indicated below):

July 1, 2020 to June 30, 2021	103.375%
July 1, 2021 to June 30, 2022	101.688%
June 30, 2022 and thereafter	100.000%

If the Issuer becomes subject to certain kinds of changes of control, the Issuer may be required to offer to repurchase the 2025 Senior Unsecured Notes at 101% of the principal amount outstanding thereunder, plus accrued and unpaid interest to, but excluding, the date of purchase. If the Issuer sells certain assets and does not repay certain debt or reinvest the proceeds of such sales within certain time periods, the Issuer may be required to offer to repurchase the 2025 Senior Unsecured Notes at 100% of the principal amount outstanding thereunder plus accrued and unpaid interest to, but excluding, the date of purchase.

Maturity Date

The outstanding principal amount under the 2025 Senior Unsecured Notes is due on July 1, 2025, with no scheduled amortization of principal due thereunder prior to such time.

Guarantees

Indebtedness under the 2025 Senior Unsecured Notes is guaranteed, on a joint and several basis, by each of the Issuer's current wholly-owned domestic restricted subsidiaries that guarantees the Senior Secured Credit Facilities (subject to certain exceptions). Indebtedness under the 2025 Senior Unsecured Notes will be guaranteed, on a joint and several basis, by each of the Issuer's future wholly-owned domestic restricted subsidiaries that guarantees the Senior Secured Credit Facilities (subject to certain exceptions).

Restrictive Covenants and Other Matters

The 2025 Senior Unsecured Notes are subject to negative covenants restricting or limiting the ability of the Issuer and its restricted subsidiaries, to, among other things:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell or otherwise dispose of assets;
- sell stock of the Issuer's subsidiaries;
- incur liens;
- enter into transactions with affiliates;
- enter into agreements restricting certain of the Issuer's subsidiaries'; and
- consolidate, merge or sell all or substantially all of the Issuer's assets.

Such negative covenants are subject to customary and other agreed-upon exceptions. The 2025 Senior Unsecured Notes are also subject to customary affirmative covenants and events of default. If an event of default occurs, the trustee under the 2025 Senior Unsecured Notes will be entitled to take various actions, including the acceleration of amounts due thereunder and other actions permitted to be taken by an unsecured creditor.

2021 Senior Unsecured Notes

The Issuer is the issuer of $400.0 million in aggregate principal amount of 8.875% senior unsecured notes due April 15, 2021 (the "2021 Senior Unsecured Notes").

On the date hereof the Issuer directed the trustee under the 2021 Senior Unsecured Notes to issue a conditional notice of redemption with respect to the 2021 Senior Unsecured Notes, for a total redemption price equal to the sum of the outstanding principal amount of the 2021 Senior Unsecured Notes, accrued and unpaid interest on the 2021 Senior Unsecured Notes to the redemption date and the applicable redemption premium with respect thereto (the "Redemption Amount"). Our obligations under, and the indenture governing, the 2021 Senior Unsecured Notes will be discharged on the issue date of the notes upon receipt by the trustee under the 2021 Senior Unsecured Notes of an amount equal to the Redemption Amount.

DESCRIPTION OF NOTES

In this description, (i) the terms "*we*," "*our*" and "*us*" each refer to Surgery Center Holdings, Inc., a Delaware corporation (the "*Company*"), and its consolidated Subsidiaries and (ii) the term "*Issuer*" refers only to the Company and not to any of its Subsidiaries.

The Issuer will issue $430.0 million of % Senior Notes due 2027 (the "*Notes*"). The Issuer will issue the Notes under an indenture (the "*Indenture*") to be dated as of the Issue Date, between the Issuer, the Guarantors and Wilmington Trust, National Association, as trustee (and its successors in such capacity, the "*Trustee*"). The Notes will be issued in a private transaction that will not be subject to the registration requirements of the Securities Act. See "Notice to Investors." The Indenture will not be subject to the provisions of the Trust Indenture Act.

The following is a summary of certain provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to you and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture. You should read the Indenture in its entirety. Copies of the proposed form of the Indenture are available as described under "Notice to Investors." You can find the definitions of certain terms used in this description under "— Certain Definitions."

Brief Description of the Notes and the Note Guarantees

The Notes will be:

- general unsecured senior obligations of the Issuer;
- *pari passu* in right of payment with any existing and future senior Indebtedness (including Indebtedness under the Credit Agreement and the Existing Notes) of the Issuer;
- effectively subordinated to all Secured Indebtedness (including Indebtedness under the Credit Agreement) of the Issuer to the extent of the value of the assets securing such Indebtedness;
- senior in right of payment to any future Subordinated Indebtedness of the Issuer;
- unconditionally guaranteed on a senior unsecured basis by each Guarantor; and
- structurally subordinated to any existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Non-Guarantors.

Each Note Guarantee (as defined below) by a Guarantor will be:

- a general unsecured senior obligation of such Guarantor;
- *pari passu* in right of payment with any existing and future senior Indebtedness (including guarantees of Indebtedness under the Credit Agreement) of such Guarantor;
- effectively subordinated to all Secured Indebtedness (including guarantees of Indebtedness under the Credit Agreement) of such Guarantor to the extent of the value of the assets securing such Indebtedness; and
- senior in right of payment to any future Subordinated Indebtedness of such Guarantor.

Principal, Maturity and Interest

The Issuer will issue Notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to Applicable Procedures of DTC. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

The Issuer will issue an aggregate principal amount of $430.0 million of Notes on the Issue Date. The Notes will mature on , 2027. Interest on the Notes will accrue at the rate per annum set forth

on the cover of this offering memorandum and will be payable, in cash, semi-annually in arrears on and of each year, beginning on , 2019, to Holders of record on the immediately preceding and , respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period will end on (but not include) the relevant interest payment date.

Additional Notes

The Issuer may issue additional Notes (the "*Additional Notes*") from time to time under the Indenture, subject to compliance with the covenants contained in the Indenture. Additional Notes will be treated as part of the same class as the Notes offered hereby under the Indenture for all purposes, including waivers, amendments, redemptions and offers to purchase; *provided* that Additional Notes will not be issued with the same CUSIP or ISIN, as applicable, as existing Notes unless such Additional Notes can be traded together with the existing Notes for U.S. federal income tax purposes. Unless the context requires otherwise, references to "Notes" for all purposes of the Indenture and this "Description of Notes" include any Additional Notes that are actually issued.

Payments

Principal of, and premium, if any, and interest on, the Notes will be payable at the office or agency of the Issuer maintained for such purpose. At the option of the Paying Agent, payment of interest, if any, may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to Notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the Trustee maintained for such purpose.

Guarantees

The obligations of the Issuer under the Notes and the Indenture will be, jointly and severally, irrevocably, fully and unconditionally guaranteed on a senior unsecured basis (the "*Note Guarantees*") by each existing Wholly-Owned Domestic Subsidiary of the Issuer that Guarantees the Issuer's obligations under the Credit Agreement (the "*Initial Guarantors*"), subject to release as provided below or elsewhere in this "Description of Notes." In addition, certain future Subsidiaries will be required to Guarantee the Notes to the extent described in "— Certain Covenants — Limitation on Guarantees."

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "Risk Factors — Risks Related to the Ownership of the Notes — Under certain circumstances a court could cancel the notes or the related guarantees under fraudulent conveyance laws."

The Note Guarantee of a Guarantor will provide by its terms that it will automatically and unconditionally be released and terminate upon:

(1) any sale or other disposition (including by way of consolidation, amalgamation or merger) of the Capital Stock of such Guarantor after which such Guarantor is no longer a Restricted Subsidiary, or any sale or other disposition of all or substantially all the assets of the Guarantor, to a Person other than to the Issuer or a Restricted Subsidiary, in each case, if such sale or other disposition is permitted by the Indenture;

(2) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event after which the Guarantor is no longer a Restricted Subsidiary;

(3) defeasance or discharge of the Notes, as provided in "— Defeasance" and "— Satisfaction and Discharge"; or

(4) such Guarantor being released from all of its obligations under all of its Guarantees of (i) payment by the Issuer of any Indebtedness of the Issuer under the Credit Agreement or (ii) in the case of a Note Guarantee made by a Guarantor (each, an "Other Guarantee") as a result of its Guarantee of other Indebtedness of the Issuer or a Guarantor pursuant to the covenant entitled "— Certain Covenants — Limitation on Guarantees," the relevant Indebtedness, except in the case of (i) or (ii), a release as a result of the repayment in full of the Indebtedness specified in clause (i) or (ii) (it being understood that a release subject to a contingent reinstatement is still considered a release, and if any such Indebtedness of such Guarantor under the Credit Agreement or any Other Guarantee is so reinstated, such Note Guarantee shall also be reinstated).

Claims of creditors of Non-Guarantors, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries and claims against joint ventures generally will have priority with respect to the assets and earnings of those Subsidiaries and joint ventures over the claims of creditors of the Issuer, including Holders of the Notes. The Notes and each Note Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than the Guarantors) and joint ventures. Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation will be subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "— Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock."

Optional Redemption

Except as set forth in the next three paragraphs, the Notes are not redeemable at the option of the Issuer.

At any time and from time to time prior to , 2022, the Issuer may redeem the Notes in whole or in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the relevant Applicable Premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

At any time and from time to time on and after , 2022, the Issuer may redeem the Notes in whole or in part, at its option, at a redemption price equal to the percentage of principal amount of the Notes redeemed set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable date of redemption, if redeemed during the 12-month period beginning on of each of the years indicated below:

YEAR	REDEMPTION PRICE
2022	%
2023	%
2024	%

At any time and from time to time prior to , 2022, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture (including any Additional Notes issued after the Issue Date) at a redemption price equal to % of the principal amount of the Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date with an amount not to exceed the net cash proceeds received by, or contributed to, the Issuer from any Equity Offering; *provided* that:

(1) in each case, the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Notes issued under the Indenture (including any Additional Notes issued after the Issue Date) remains outstanding immediately thereafter (excluding Notes held by the Issuer or any of its Restricted Subsidiaries).

All notices of redemption will be provided as set forth under "— Selection and Notice" below.

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice will describe each such condition, and if applicable, will state that, in the Issuer's discretion, the redemption date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions are satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions are not satisfied by such redemption date, or by the redemption date as so delayed, or such notice may be rescinded at any time in the Issuer's discretion if in the good faith judgment of the Issuer any or all of such conditions will not be satisfied. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If the optional redemption date is after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions "— Change of Control" and "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock." The Issuer may at any time and from time to time purchase Notes in the open market or otherwise.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee or the applicable registrar, as applicable, will select Notes for redemption on a pro rata basis or by lot or by using a pool factor (or, in the case of Notes issued in global form as discussed under "— Book Entry, Delivery and Form," based on a method that most nearly approximates a pro rata selection as required by the Applicable Procedures of DTC; *provided*, *however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than $2,000), unless otherwise required by law or applicable stock exchange or depository requirements. None of the Trustee, the applicable registrar nor any of their agents shall be liable

for any selections made by it in accordance with this paragraph (including the procedures of the relevant depositaries).

No Notes of $2,000 or less can be redeemed in part. Notices of redemption will be delivered electronically (when in global form) or mailed by first-class mail (when in physical form) at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is (a) issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture or (b) subject to one or more conditions precedent and such redemption date is delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), as described above.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the Holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption, as such date may be delayed, unless such redemption is cancelled as described above. On and after the redemption date, unless the Issuer defaults in payment of the redemption price, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of DTC, notices may be given by delivery of the relevant notices to DTC, in accordance with DTC's Applicable Procedures for communication to entitled account holders in substitution for the aforesaid mailing.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The Issuer, registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Note selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer. Also, the Issuer will not be required to issue, register the transfer of or exchange any Note during the period of 30 days before the mailing of a notice of redemption of Notes to be redeemed.

Change of Control

The Indenture will provide that if a Change of Control occurs after the Issue Date, subject to the exceptions described below, the Issuer will make an offer to purchase all of the Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will deliver notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register as provided under "— Selection and Notice," describing the transaction or transactions that constitute the Change of Control and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, subject to extension (in the case where such notice is mailed or otherwise delivered prior to the occurrence of a Change of Control) in the event that the occurrence of the Change of Control is delayed, pursuant to the procedures required by the Indenture and described in such notice.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent

that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Credit Agreement provides, and we expect that future credit agreements or other agreements to which the Issuer becomes a party may provide, that certain change of control events with respect to the Issuer would constitute a default thereunder and may prohibit or limit the Issuer from purchasing any Notes pursuant to this covenant. In the event the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Our ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the initial purchasers and us. We have no present intention to engage in a transaction involving a Change of Control after the Issue Date, although it is possible that we could decide to do so in the future.

Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness, including Secured Indebtedness, are contained in the covenants described under "— Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock" and "— Certain Covenants — Limitation on Liens." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption "— Optional Redemption," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture.

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day:

(a) the Notes have achieved Investment Grade Status; and

(b) no Default or Event of Default has occurred and is continuing under the Indenture,

then, beginning on that day (each such day, a "*Suspension Date*") and continuing until any Reversion Date (as defined below), the Issuer and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the following headings (collectively, the "*Suspended Covenants*"):

- "— Limitation on Restricted Payments,"
- "— Limitation on Indebtedness, Disqualified Stock and Preferred Stock"
- "— Limitation on Restrictions on Distributions from Restricted Subsidiaries,"
- "— Limitation on Affiliate Transactions,"
- "— Limitation on Sales of Assets and Subsidiary Stock,"
- "— Limitation on Guarantees," and
- the provisions of clause (3) of the first paragraph of "— Merger and Consolidation."

Additionally, upon the occurrence of an event resulting in Suspended Covenants, the amount of Excess Proceeds from Net Available Cash shall be reset to zero.

If on any date following a Suspension Date the Notes cease to have such Investment Grade Status (any such date, a "*Reversion Date*"), then the Suspended Covenants will thereafter be reinstated and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain Investment Grade Status and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture, the Notes or the Note Guarantees with respect to the Suspended Covenants based on, and none of the Issuer or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period (as defined below), or any actions taken at any time pursuant to any contractual obligation arising prior to the applicable Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between a Suspension Date and a Reversion Date is referred to as the "*Suspension Period*."

On any Reversion Date, all Indebtedness Incurred during the applicable Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of "— Limitation on Indebtedness, Disqualified Stock and Preferred Stock." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "— Limitation on Restricted Payments" will be made as though the covenants described under "— Limitation on Restricted Payments" had been in effect since the Issue Date prior to, but not during, the Suspension Period; provided, that no Subsidiaries may be designated as Unrestricted Subsidiaries during the Suspension Period, unless such designation would have complied with the covenant described under "— Limitation on Restricted Subsidiaries" as if such covenant would have been in effect during such period. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under the covenant described under "— Limitation on Restricted Payments." Any Affiliate Transaction entered into on and after the Reversion Date pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (6) of the second paragraph of the covenant described under "— Limitation on Affiliate Transactions." Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) of the first paragraph of the covenant described under "— Limitation on Restrictions on Distributions from Restricted Subsidiaries" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1)(b) of the second paragraph of the covenant described under "— Limitation on Restrictions on Distributions from Restricted Subsidiaries" on and after any Reversion Date. During the Suspension Period, any future obligation to grant further Note Guarantees shall be suspended. All such further obligations to grant Note Guarantees shall be reinstated upon the Reversion Date, but no Subsidiary of the Issuer shall be required to comply with the covenant described under "— Limitation on Guarantees" after the end of a Suspension Period with respect to any guarantee entered into by such Subsidiary during any Suspension Period.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status. The Trustee shall have no duty to monitor the credit rating of the Notes or to notify Holders of the occurrence of a Suspension Date or a Reversion Date.

Limitation on Indebtedness, Disqualified Stock and Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided*, *however*, that the Issuer may Incur Indebtedness (including Acquired Indebtedness) and issue shares of Disqualified Stock, and any Guarantor may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock if, on the date of such Incurrence and after giving Pro Forma Effect thereto, the Consolidated Coverage Ratio for the Issuer and its Restricted Subsidiaries for the most recently ended Test Period at the time of such Incurrence is no less than 2.00 to 1.00 determined on a Pro Forma Basis.

The foregoing limitations will not apply to:

(1) (x) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility) in an aggregate outstanding principal amount at the time of Incurrence not greater than (i) $1,711 million, *plus* (ii) additional amounts, so long as in the case of this clause (ii) only, on the date of such Incurrence and after giving Pro Forma Effect thereto the Consolidated Secured Net Leverage Ratio of the Issuer and its Restricted Subsidiaries does not exceed 3.90 to 1.00 as of the most recently ended Test Period at the time of such Incurrence (*provided* that for purposes of determining the amount that may be Incurred under this clause (1)(x)(ii), (I) all Indebtedness then being Incurred pursuant to this clause (1)(x)(ii) on such date in reliance on this clause (1)(x)(ii) shall be deemed to be included as Consolidated Secured Indebtedness in clause (x) of the definition of "Consolidated Secured Net Leverage Ratio" and (II) any cash proceeds of any new Indebtedness then being incurred shall not be netted from the numerator in

the Consolidated Secured Net Leverage Ratio for purposes of calculating the Consolidated Secured Net Leverage Ratio under this clause (1)(x)(ii) for purposes of determining whether such Indebtedness can be Incurred), and (y) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (1)(x);

(2) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to, or Disqualified Stock of the Issuer issued to, and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to, or Disqualified Stock or Preferred Stock of a Restricted Subsidiary issued to, and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness, Disqualified Stock or Preferred Stock being held by a Person other than the Issuer or a Restricted Subsidiary; and

(b) any sale or other transfer of any such Indebtedness, Disqualified Stock or Preferred Stock to a Person other than the Issuer or a Restricted Subsidiary (other than any pledge of such Indebtedness or Capital Stock constituting a Permitted Lien),

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness, Disqualified Stock or Preferred Stock (to the extent such Indebtedness, Disqualified Stock or Preferred Stock is then outstanding) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), including any Guarantee thereof, (b) any Indebtedness (other than Indebtedness incurred pursuant to clauses (1) and (3) above) outstanding on the Issue Date, (c) Indebtedness under the Existing Notes (other than any "Additional Notes" issued under the Existing Notes Indenture) and any Guarantee thereof, (d) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (e) Management Advances;

(5) (x) Indebtedness and Disqualified Stock Incurred by the Issuer or any Restricted Subsidiary, and Preferred Stock Incurred by any Restricted Subsidiary, to finance an acquisition, merger, amalgamation or consolidation or (y) Indebtedness, Disqualified Stock or Preferred Stock (I) of Persons that are acquired by the Issuer or any Restricted Subsidiary in accordance with the terms hereof (including designating an Unrestricted Subsidiary as a Restricted Subsidiary) or (II) otherwise assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition, merger, amalgamation or consolidation in accordance with the terms hereof; *provided* that, after giving effect to such acquisition, merger, amalgamation, consolidation or designation described in this clause (5), on a Pro Forma Basis:

(a) the Issuer would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Coverage Ratio test set forth in the first paragraph of this covenant,

(b) the Consolidated Coverage Ratio of the Issuer and the Restricted Subsidiaries as of the most recently ended Test Period would not be lower than the Consolidated Coverage Ratio immediately prior to such acquisition, merger, amalgamation, consolidation or designation,

(c) the Consolidated Total Net Leverage Ratio of the Issuer and the Restricted Subsidiaries is not greater than 6.20 to 1.00 as of the most recently ended Test Period; *provided* that any cash proceeds of any new Indebtedness, Disqualified Stock or Preferred Stock then being Incurred

shall not be netted from the numerator in the Consolidated Total Net Leverage Ratio for purposes of calculating the Consolidated Total Net Leverage Ratio under this clause (5)(c) for purposes of determining whether such Indebtedness, Disqualified Stock or Preferred Stock can be Incurred,

(d) the Consolidated Total Net Leverage Ratio of the Issuer and the Restricted Subsidiaries as of the most recently ended Test Period would not be higher than immediately prior to such acquisition, merger, amalgamation, consolidation or designation; *provided* that any cash proceeds of any new Indebtedness, Disqualified Stock or Preferred Stock then being Incurred shall not be netted from the numerator in the Consolidated Total Net Leverage Ratio for purposes of calculating the Consolidated Total Net Leverage Ratio under this clause (5)(d) for purposes of determining whether such Indebtedness, Disqualified Stock or Preferred Stock can be Incurred, or

(e) in the case of Indebtedness, such Indebtedness constitutes Acquired Indebtedness (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided* that the only obligors with respect to such Indebtedness shall be those Persons who were obligors of such Indebtedness prior to such acquisition, merger, amalgamation or consolidation;

(6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) and obligations in respect of Bank Products;

(7) Indebtedness and Disqualified Stock Incurred by the Issuer or any Restricted Subsidiary and Preferred Stock Incurred by any Restricted Subsidiary, in each case, represented by Finance Lease Obligations or Purchase Money Obligations (including in connection with a Permitted Sale and Leaseback), in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness, Disqualified Stock and Preferred Stock Incurred pursuant to this clause and then outstanding, does not exceed the greater of (a) $150.0 million and (b) 50.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of Incurrence and any Refinancing Indebtedness in respect thereof;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, advance payment, customs, value added or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice, (b) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of Incurrence; (c) customer deposits and advance payments received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice; (d) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or consistent with past practice; and (e) any customary treasury, depositary, cash management, automatic clearinghouse arrangements, overdraft protections, cash pooling or netting or setting off arrangements or similar arrangements in the ordinary course of business or consistent with past practice, including financial accommodations of the type described in the definition of "Cash Management Services";

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or

Person or any Capital Stock of any Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);

(10) Indebtedness and Disqualified Stock of the Issuer, and Indebtedness, Disqualified Stock and Preferred Stock of any Guarantor, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause and then outstanding, will not exceed 100% of the net cash proceeds received by the Issuer since immediately after the Refinanced Notes Issue Date from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock, Designated Preferred Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preferred Stock or an Excluded Contribution) of the Issuer, and any Refinancing Indebtedness in respect thereof; *provided*, *however*, that any such net cash proceeds that are so received or contributed shall not increase the amount available for making Restricted Payments to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon;

(11) Indebtedness, Disqualified Stock and Preferred Stock of Non-Guarantors in an aggregate principal amount not to exceed at any time outstanding the greater of (a) $225.0 million and (b) 72.5% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of Incurrence and any Refinancing Indebtedness in respect thereof;

(12) Indebtedness consisting of promissory notes issued by the Issuer or any of its Restricted Subsidiaries to any future, present or former employee, officer, director, manager or consultant of the Issuer, any of its Subsidiaries or of any Parent Entity (or permitted transferees, assigns, estates, trusts, heirs, or any spouse or former spouse of such employee, officer, director, manager or consultant), to finance the purchase or redemption of Capital Stock of the Issuer or any Parent Entity that is permitted by the covenant described below under "— *Limitation on Restricted Payments*";

(13) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, Incurred in the ordinary course of business or consistent with past practice;

(14) Indebtedness and Disqualified Stock Incurred by the Issuer or any Restricted Subsidiary and Preferred Stock issued by any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness, Disqualified Stock and Preferred Stock Incurred pursuant to this clause and then outstanding, will not exceed the greater of (a) $112.5 million and (b) 36.50% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of Incurrence and any Refinancing Indebtedness in respect thereof;

(15) (x) Indebtedness of the Issuer or any Restricted Subsidiary supported by a letter of credit, in a principal amount not in excess of the stated amount of such letter of credit so long as such letter of credit is otherwise permitted to be incurred by the Indenture or (y) obligations in respect of letters of support, guarantees or similar obligations issued, made or incurred for the benefit of the Issuer or any Subsidiary of the Issuer to the extent required by law or in connection with any statutory filing or the delivery of audit opinions performed in jurisdictions other than within the United States;

(16) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising pursuant to any Permitted Reorganization or any Intercompany License Agreement;

(17) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in the form of loans from a Captive Insurance Subsidiary or obligations in respect of self-insurance;

(18) Indebtedness in respect of unsecured promissory notes issued to a Strategic Investor in connection with repurchases, redemptions or other acquisition of Capital Stock permitted by the covenant

described below under "— *Limitation on Restricted Payments*" in an aggregate outstanding principal amount not to exceed at any time the greater of (a) $75.0 million and (b) 25.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of Incurrence; and

(19) to the extent constituting Indebtedness, all premiums (if any), interest (including Post-Petition Interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (18) above.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (3) below, in the event that all or any portion of any item of Indebtedness, Disqualified Stock or Preferred Stock at any time, whether at the time of incurrence or upon the application of all or a portion of the proceeds thereof or subsequently, meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time subsequently reclassify, such item (or portion of such item) of Indebtedness and only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) subject to clause (3) below, additionally, all or any portion of any item of Indebtedness, Disqualified Stock or Preferred Stock may later be classified as having been Incurred pursuant to any type of Indebtedness, Disqualified Stock or Preferred Stock described in the first and second paragraphs of this covenant so long as such Indebtedness is permitted to be Incurred pursuant to such provision at the time of reclassification;

(3) all Indebtedness outstanding on the Issue Date under the Credit Agreement that was Incurred on the Existing Notes Escrow Release Date shall be deemed to have been Incurred on the Issue Date under clause (1) of the second paragraph of the description of this covenant and may not be reclassified at any time pursuant to clause (1) or (2) of this paragraph;

(4) [reserved];

(5) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness, Disqualified Stock or Preferred Stock that is otherwise included in the determination of a particular amount of Indebtedness, Disqualified Stock or Preferred Stock shall not be included;

(6) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (10), (11) or (14) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(7) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(8) Indebtedness, Disqualified Stock and Preferred Stock permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, Disqualified Stock or Preferred Stock but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness, Disqualified Stock or Preferred Stock;

(9) the amount of any Indebtedness, Disqualified Stock or Preferred Stock outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, Disqualified Stock or Preferred Stock, or liquidation preference thereof, in the case of any other Indebtedness, Disqualified Stock or Preferred Stock;

(10) in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is Incurred pursuant to the second paragraph of this covenant (other than clause 1(x)(ii) or (5) of the second paragraph of this covenant) on the same date that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is Incurred under the first paragraph of this covenant or clause 1(x)(ii) or (5) of the second paragraph of this covenant, then the Consolidated Coverage Ratio, Consolidated Secured Net Leverage Ratio or Consolidated Total Net Leverage Ratio, as applicable, will be calculated with respect to such Incurrence under the first paragraph of this covenant or clause 1(x)(ii) or (5) of the second paragraph of this covenant without regard to any Incurrence under the second paragraph of this covenant (other than with respect to any Incurrence under clause 1(x)(ii) or (5) of the second paragraph of this covenant);

(11) unless the Issuer elects otherwise, the Incurrence of Indebtedness, Disqualified Stock or Preferred Stock will be deemed Incurred first under the first paragraph of this covenant or clause 1(x)(ii) or (5) above to the extent permitted, with the balance incurred or issued under the second paragraph of this covenant (other than pursuant to clause 1(x)(ii) or (5) above).

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness, Disqualified Stock or Preferred Stock of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness, Disqualified Stock is not permitted to be Incurred as of such date under the covenant described under this "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*," the Issuer shall be in default of this covenant).

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in the same currency as the Indebtedness being refinanced, shall be calculated based on the currency exchange rate in effect on the date such Indebtedness was originally incurred, in the case of term indebtedness, or first committed, in the case of revolving credit indebtedness. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The Indenture will provide that the Issuer will not, and will not permit any Guarantor to, Incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Issuer or such Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Guarantor's Note Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Issuer or such Guarantor, as the case may be.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral or is secured by different collateral.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (in each case, solely in such Person's capacity as holder of such Capital Stock), including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries, except:

   (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer; and

   (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any Restricted Subsidiary making a dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a pro rata basis);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any Parent Entity held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer;

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (it being understood that payments of regularly scheduled principal, interest and mandatory prepayments, redemptions or offers to purchase shall be permitted), other than (a) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*"; or

(4) make any Restricted Investment;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "*Restricted Payment*"), unless, at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) except in the case of a Restricted Investment, no Event of Default shall have occurred and be continuing (or would result immediately thereafter);

(b) except in the case of a Restricted Investment, if such Restricted Payment is made in reliance on clause (c)(i) below, the Issuer would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Coverage Ratio test set forth in the first paragraph of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" above;

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (excluding all Restricted Payments permitted by the next succeeding paragraph) would not exceed the sum of (without duplication):

   (i) an amount equal to 50% of Consolidated Net Income for the period (treated as one accounting period) from, and including, April 1, 2016 through, and including, the last day of the Issuer's most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit); plus

(ii) 100% of the aggregate net cash proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer subsequent to the Refinanced Notes Issue Date (other than net cash proceeds to the extent such net cash proceeds have been used to Incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (10) of the second paragraph of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" above) from the issue or sale of (x) Capital Stock of the Issuer, including Retired Capital Stock, but excluding cash proceeds and the fair market value of marketable securities or other property received from the sale of (A) Capital Stock to any employee, director, manager or consultant of the Issuer, any Parent Entity and any of the Issuer's Subsidiaries after the Refinanced Notes Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (6) of the second paragraph of this covenant below and (B) Designated Preferred Stock, (y) Capital Stock of any Parent Entity to the extent the net cash proceeds thereof are actually contributed to the Issuer (excluding, in the case of this clause (y), contributions of the proceeds from the sale of Designated Preferred Stock by any such Parent Entity to the extent such amounts have been applied to Restricted Payments made in accordance with clause (13) of the second paragraph of this covenant below) or (z) Indebtedness of the Issuer or a Restricted Subsidiary that has been converted into or exchanged for Capital Stock of the Issuer or any Parent Entity; *provided* that this clause (ii) shall not include the proceeds from (a) Refunding Capital Stock, (b) Capital Stock or Indebtedness that has been converted or exchanged for Capital Stock of the Issuer sold to a Restricted Subsidiary, as the case may be, (c) Indebtedness that has been converted or exchanged into Disqualified Stock or (d) Excluded Contributions; plus

(iii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer subsequent to the Refinanced Notes Issue Date (other than (x) amounts used to Incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (10) of the second paragraph of the covenant described under "— Limitation on Indebtedness, Disqualified Stock and Preferred Stock" above, (y) amounts that are contributed by the Issuer or a Restricted Subsidiary or (z) amounts that constitute Excluded Contributions); plus

(iv) 100% of the aggregate amount received in cash and the fair market value of marketable securities or other property received by means of: (x) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or any Restricted Subsidiary and repurchases and redemptions of such Restricted Investments from the Issuer or any Restricted Subsidiary and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or any Restricted Subsidiary, in each case, after the Issue Date; or (y) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary or a dividend from an Unrestricted Subsidiary after the Issue Date; plus

(v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, consolidation or amalgamation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith of the Issuer at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, consolidation or amalgamation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment; plus

(vi) the greater of (a) $75.0 million and (b) 25.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time made; plus

(vii) any returns, profits, distributions and similar amounts received on account of a Restricted Investment made in reliance upon this first paragraph (up to the amount of the original Investment).

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Indenture or the redemption, repurchase or retirement of Indebtedness if, at the date of any irrevocable redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) (x) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock of the Issuer or any Parent Entity, including any accrued and unpaid dividends or distributions thereon ("*Retired Capital Stock*"), or Subordinated Indebtedness, made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of, the substantially concurrent sale (other than to the Issuer or a Restricted Subsidiary) of, Capital Stock of the Issuer or any Parent Entity to the extent contributed to the Issuer (in the case of proceeds only) (other than Disqualified Stock, Excluded Contributions or sales of Capital Stock to any Subsidiary of the Issuer) ("*Refunding Capital Stock*"), (y) the declaration and payment of dividends on Retired Capital Stock out of the proceeds of the substantially concurrent sale or issuance (other than to the Issuer or a Restricted Subsidiary) of Refunding Capital Stock and (z) if immediately prior to the retirement of Retired Capital Stock, the declaration and payment of dividends thereon was permitted under clause (13) below and not made pursuant to clause (y) above, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Capital Stock of any Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Retired Capital Stock immediately prior to such retirement;

(3) any purchase, repurchase, redemption, defeasance or other refinancing, acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of, the substantially concurrent sale of, new Subordinated Indebtedness that constitutes Indebtedness permitted to be Incurred pursuant to the covenant described under "*— Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" above so long as: (A) the principal amount (or accreted value, if applicable) of such new Subordinated Indebtedness does not exceed the principal amount of (or accreted value, if applicable) (plus the amount of any unused commitments thereunder) of the purchased, repurchased, redeemed, defeased, refinanced, acquired or retired Subordinated Indebtedness, plus any accrued and unpaid interest on the Subordinated Indebtedness being so purchased, repurchased, redeemed, defeased, acquired, refinanced or retired, plus the amount of any premium (including call and tender premiums), defeasance costs and any underwriting discounts, fees, commissions and expenses (including original issue discount, upfront fees and similar items) in connection with the refinancing of such Subordinated Indebtedness and the Incurrence of such new Subordinated Indebtedness, (B) such new Subordinated Indebtedness is subordinated to the Notes or the applicable Note Guarantees at least to the same extent, in all material respects, as such Subordinated Indebtedness so purchased, repurchased, redeemed, defeased, refinanced, acquired or retired, (C) such new Subordinated Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness being so purchased, repurchased, redeemed, defeased, refinanced, acquired or retired, and (D) such new Subordinated Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the

Subordinated Indebtedness being so purchased, repurchased, redeemed, defeased, refinanced, acquired or retired;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Parent Entity made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock (other than an issuance of Disqualified Stock of the Issuer to replace Preferred Stock (other than Disqualified Stock) of the Issuer) of the Issuer or a Parent Entity, as the case may be;

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness or Disqualified Stock:

(a) from Net Available Cash to the extent permitted under "— *Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "— *Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness or Disqualified Stock on terms at or less than 100% of the principal amount thereof, plus accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness or Disqualified Stock, following the occurrence of a Change of Control (or other similar event described therein as a "change of control" or similar term), but only if the Issuer shall have first complied with the terms described under "— *Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness or Disqualified Stock on terms no greater than 101% of the principal amount thereof, plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition);

(6) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Capital Stock (other than Disqualified Stock) of the Issuer or of any Parent Entity held by any future, present or former employee, director, manager or consultant of the Issuer, any of its Subsidiaries or of any Parent Entity (or permitted transferees, assigns, estates, trusts, heirs, or any spouse or former spouse of such employee, director, manager or consultant) either pursuant to any equityholder, employee or director equity plan or stock or other equity option plan or any other management or employee benefit plan or agreement, other compensatory arrangement or any stock or other equity subscription, co-invest or equityholder agreement (including, for the avoidance of doubt, any principal and interest payable on any notes issued by the Issuer or any Parent Entity in connection with such repurchase, retirement or other acquisition or retirement for value), including any arrangement including Capital Stock rolled over by management of the Issuer, any Subsidiary of the Issuer or any Parent Entity in connection with the Previous Transactions; *provided*, *however*, that the aggregate Restricted Payments made under this clause (6) do not exceed $30.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar

years); *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Capital Stock (other than Disqualified Stock, Designated Preferred Stock or Excluded Contributions) of the Issuer and, to the extent contributed to the capital of the Issuer (other than through the issuance of Disqualified Stock or Designated Preferred Stock or an Excluded Contribution), Capital Stock of any Parent Entity, in each case, to members of management, directors, managers or consultants of the Issuer, any of its Subsidiaries or any Parent Entity that occurred after the Refinanced Notes Issue Date, to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c) of the preceding paragraph; plus

(b) the cash proceeds of key man life insurance policies received by the Issuer and its Restricted Subsidiaries after the Refinanced Notes Issue Date; less

(c) the amount of any Restricted Payments made in previous calendar years pursuant to clauses (a) and (b) of this clause;

and *provided*, *further*, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from future, present or former employees, directors, managers or consultants of the Issuer, or any Parent Entity or Restricted Subsidiaries, or permitted transferees, assigns, estates, trusts, heirs, or any spouse or former spouse of such employee, director, manager or consultant, in connection with a repurchase of Capital Stock of the Issuer or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) the declaration and payment of dividends on Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" above;

(8) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding, employment or similar taxes payable by any future, present or former employee, director, manager, or consultant of the Issuer or any Restricted Subsidiary or any Parent Entity and any purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise, vesting or settlement of, or payment with respect to, any equity or equity-based award, including stock options, appreciation rights, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof, or to satisfy any required withholding or similar taxes with respect to any such award;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent Entity to pay any Parent Entity Expenses; or

(b) to the extent constituting Restricted Payments, amounts that would be permitted to be paid directly by the Issuer or the Restricted Subsidiaries under the covenant described under "— *Certain Covenants — Limitation on Affiliate Transactions*" (other than clauses (1), (4), (9), (12) and (14) of the second paragraph thereof);

(10) the making by the Issuer of Restricted Payments, in an amount not to exceed 6% in any fiscal year of the aggregate proceeds received by or contributed to the Issuer in or from any public offering of such common stock or common equity interests (including, for the avoidance of doubt, the Initial Public Offering);

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of

fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Issuer);

(12) Restricted Payments that are made with Excluded Contributions;

(13) (i) the declaration and payment of dividends on Designated Preferred Stock of the Issuer issued after the Issue Date; (ii) the declaration and payment of dividends to any Parent Entity, the proceeds of which will be used to fund the payment of dividends to holders of Designated Preferred Stock of such Parent Entity; (iii) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock; *provided*, *however*, that, in the case of clause (ii), the amount of all dividends declared or paid pursuant to this clause shall not exceed the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Issuer, from the issuance or sale of such Designated Preferred Stock; *provided further*, in the case of clauses (i), (ii) and (iii), that immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such payment on a Pro Forma Basis the Issuer would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Coverage Ratio test set forth in the first paragraph of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*";

(14) dividends or other distributions of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries or the proceeds thereof;

(15) distributions or payments of Receivables Fees and Securitization Fees;

(16) any Restricted Payment made in connection with the Previous Transactions (and fees and expenses related thereto), or constituting any part of any Permitted Reorganization (and the fees and expenses related thereto), or used to fund amounts owed to Affiliates in connection with the Previous Transactions and any Permitted Reorganization (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) Restricted Payments (including loans or advances), taken together with all other Restricted Payments made pursuant to this clause (17), in an aggregate amount outstanding at the time made not to exceed the greater of (a) $100.0 million and (b) 32.5% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time made;

(18) other Restricted Payments; *provided* that immediately after giving effect to the making of such Restricted Payment, the Consolidated Total Net Leverage Ratio calculated on a Pro Forma Basis shall not be greater than 5.00 to 1.00 as of the last day of the most-recently ended Test Period and no Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(19) mandatory redemption of Disqualified Stock or Preferred Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(20) [reserved];

(21) AHYDO payments with respect to Indebtedness permitted under "— Limitation on Indebtedness, Disqualified Stock and Preferred Stock";

(22) Restricted Payments by the Issuer and its Restricted Subsidiaries pursuant to Intercompany License Agreements;

(23) the purchase, redemption or other acquisition or retirement for value of Capital Stock of a Qualified Restricted Subsidiary owned by a Strategic Investor if such purchase, redemption or other acquisition

or retirement for value is made for consideration not in excess of the fair market value of such Capital Stock;

(24) [reserved];

(25) the declaration and payment of dividends or distributions by the Issuer to, or the making of loans or advances to, any Parent Entity in amounts required for any such Parent Entity (or such Parent Entity's direct or indirect equity owners) to pay:

(a) (i) franchise, excise and similar taxes, and other fees and expenses, required to maintain its corporate, legal and organizational existence and (ii) (A) distributions to such Parent Entity's equity owners in proportion to their equity interests sufficient to allow each such equity owner to receive an amount at least equal to the aggregate amount of its out-of-pocket costs to any unaffiliated third parties directly attributable to creating (including any incorporation or registration fees) and maintaining the existence of the applicable equity owner (including doing business fees, franchise taxes, excise taxes and similar taxes, fees, or expenses), and legal and accounting and other costs directly attributable to maintaining its corporate, legal, or organizational existence and complying with applicable legal requirements, including such costs attributable to the preparation of tax returns or compliance with tax laws, and (B) operating expenses incurred in the ordinary course of business and other corporate overhead costs and expenses of any such Parent Entity which are reasonable and customary and incurred in the ordinary course of business and attributable to the ownership or operations of the Issuer and its Restricted Subsidiaries; or

(b) for as long as the Issuer is classified as a corporation for U.S. federal income tax purposes and it is a member of a consolidated, combined or similar tax group for U.S. federal, state and local income tax purposes of which a Parent Entity is the common parent (or the Issuer is a disregarded entity or partnership directly or indirectly owned by a member or members of such a group), distributions of U.S. federal, state, and local income taxes solely to the extent that such income taxes are attributable to the income of the Issuer, the Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries, *provided* that in each case, the amount of such payments with respect to any fiscal year does not exceed the amount that the Issuer, the Restricted Subsidiaries and the Unrestricted Subsidiaries (to the extent described above) would have been required to pay in respect of such U.S. federal, state and local income taxes for such fiscal year had the Issuer, the Restricted Subsidiaries and the Unrestricted Subsidiaries (to the extent described above) been a stand-alone taxpayer or stand-alone group (separate from any such direct or indirect parent of the Issuer) for all fiscal years ending after the Issue Date; or

(26) dividends and distributions to the extent necessary to enable Parent to make payments pursuant to the Tax Receivable Agreement;

provided that at the time of, and after giving effect to, any Restricted Payment permitted under clause (17) above, no Event of Default (or in the case of a Restricted Investment, no Event of Default under clauses (1), (2) or (5) under "Events of Default") shall have occurred and be continuing or would occur as a consequence thereof.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) or Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (26) above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the exceptions contained in the definition of "Permitted Investment," the Issuer will be entitled to classify such Restricted Payment (or portion thereof) or

Investment (or portion thereof) on the date of its payment, or later reclassify such Restricted Payment (or portion thereof) or Investment (or portion thereof), among such clauses (1) through (26) above, the first paragraph of this covenant and/or one or more exceptions contained in the definition of "Permitted Investment," in any manner that otherwise complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any Restricted Payment made in cash shall be its face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Board of Directors of the Issuer acting in good faith (which, in the case of any non-cash Restricted Payments exceeding a fair market value of $37.5 million, shall be evidenced by resolutions approved by the Board of Directors of the Issuer).

Limitation on Liens

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, create, Incur, assume or permit to exist any Lien (each, an "*Initial Lien*") that secures Obligations under any Indebtedness or related guarantee of Indebtedness, on any asset or property of the Issuer or any Guarantor, other than Permitted Liens, without effectively providing that the Notes shall be secured equally and ratably with (or prior to) the obligations so secured for so long as such obligations are so secured.

Any Lien created for the benefit of the Holders of the Notes pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

For purposes of determining compliance with this covenant, in the event that a proposed Lien (or a portion thereof) meets the criteria of more than one of the categories described in one or more of the clauses contained in the definition of "Permitted Liens," the Issuer will be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Lien (or any portion thereof) among one or more clauses contained in the definition of "Permitted Liens" in a manner that otherwise complies with this covenant.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(A) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any of its Restricted Subsidiaries;

(B) make any loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any of its Restricted Subsidiaries;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any of its Restricted Subsidiaries to other Indebtedness Incurred by the Issuer or any of its Restricted Subsidiaries shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Credit Agreement), or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to (a) the Indenture, the Notes and the Note Guarantees or (b) the Existing Notes Indenture, the Existing Notes and the Note Guarantees (as defined in the Existing Notes Indenture);

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause, if another Person is the successor entity, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the successor entity;

(4) any encumbrance or restriction:

   (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;

   (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements;

   (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary; or

   (d) that restricts the transfer of property or assets required by any Governmental Authority having jurisdiction over the Issuer or any Restricted Subsidiary of the Issuer or any of their business;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Finance Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, any replacements of such property or assets and additions and accessions thereto, after-acquired property subject to such arrangement, the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender;

(6) any encumbrance or restriction imposed on the Capital Stock or assets of the Issuer or any Restricted Subsidiary pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of such Capital Stock or assets pending the closing of such sale or disposition;

(7) customary provisions in leases, subleases, licenses, sublicenses, shareholder agreements, joint venture agreements, organizational documents and other similar agreements and instruments, including intellectual property agreements;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable law, rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;

(10) any encumbrance or restriction pursuant to Hedging Obligations;

(11) other Indebtedness, Disqualified Stock or Preferred Stock of Non-Guarantors permitted to be Incurred pursuant to the provisions of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" that impose restrictions solely on the Non-Guarantors party thereto or their Subsidiaries;

(12) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Securitization Facility or Receivables Facility, as the case may be;

(13) any encumbrance or restriction arising pursuant to an agreement or instrument (which, if it relates to any Indebtedness, shall only be permitted if such Indebtedness is permitted to be Incurred pursuant to the provisions of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*") if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole (i) are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Credit Agreement, together with the security documents associated therewith as in effect on the Issue Date (as determined by the Issuer) or (ii) either (a) the Issuer determines at the time of entry into such agreement or instrument that such encumbrances or restrictions do not materially impair the Issuer's ability to make principal or interest payments on the Notes as and when due (as determined in good faith by the Issuer) or (b) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument;

(14) any encumbrance or restriction existing by reason of any lien permitted under "— *Limitation on Liens*";

(15) any encumbrance or restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business or arising in connection with any Permitted Liens;

(16) restrictions consisting of Permitted Payment Restrictions; or

(17) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) to (16) of this paragraph or this clause (17) (an "*Initial Agreement*") or contained in any amendment, modification, restatement, renewal, increase, supplement, refunding, replacement, refinancing or other modification to an agreement referred to in clauses (1) to (16) of this paragraph or this clause (17); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are not materially less favorable to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such amendment, modification, restatement, renewal,

increase, supplement, refunding, replacement, refinancing or other modification relates (as determined in good faith by the Issuer).

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition) of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap) if the property or assets sold or otherwise disposed of have a fair market value in excess of $7.5 million, at least 75% of the consideration from such Asset Disposition (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents;

(3) the Issuer or any of its Restricted Subsidiaries, at its respective option, will apply an amount equal to such Net Available Cash from any Asset Disposition:

   (a) (i) to prepay, repay, redeem or purchase any Indebtedness of a Non-Guarantor to the extent the property or assets that are the subject of such Asset Disposition were owned by such Non-Guarantor or Indebtedness that is secured by a Lien on the property or assets of such Non-Guarantor so disposed (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary) or Indebtedness under the Credit Agreement (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment, redemption or purchase of Indebtedness pursuant to this clause (a), the Issuer or Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid, redeemed or purchased; or (ii) to prepay, repay, redeem or purchase Pari Passu Indebtedness; *provided*, *further*, that, to the extent the Issuer or any Restricted Subsidiary prepays, repays, redeems, or purchases Pari Passu Indebtedness pursuant to this clause (ii), the Issuer shall equally and ratably reduce Obligations under the Notes as provided under "— Optional Redemption," through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Disposition Offer) to all Holders to purchase their Notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, on the amount of Notes that would otherwise be purchased to, but excluding, the date of purchase; and/or

   (b) to invest in or commit to invest in Additional Assets within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, *however*, that a binding agreement shall be treated as a permitted application of Net Available Cash from the date of such commitment with the good faith expectation that such Net Available Cash will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event that any Acceptable Commitment is later cancelled or terminated for any reason before the Net Available Cash is applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a "*Second*

Commitment") within 180 days of such cancellation or termination; *provided further* that if any Second Commitment is later cancelled or terminated for any reason before such Net Available Cash is applied, then such Net Available Cash shall constitute Excess Proceeds;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture.

If an amount equal to the Net Available Cash from Asset Dispositions is not applied or invested or committed to be applied or invested as provided, and within the time period (including as extended) set forth in the preceding paragraph (it being understood that any portion of such amount used to make an offer to purchase Notes, as described in clause (3)(a)(ii) of the immediately preceding paragraph, will be deemed to have been applied whether or not such offer is accepted), then such amount not applied or invested or committed to be applied or invested will be deemed to constitute "*Excess Proceeds*" under the Indenture. Within 10 Business Days after the aggregate amount of Excess Proceeds under the Indenture exceeds $75.0 million in any fiscal year, the Issuer will be required to make an offer (an "*Asset Disposition Offer*") to all Holders of the Notes and, to the extent the Issuer elects or is required to by the terms of any Pari Passu Indebtedness, to holders or lenders of any other outstanding Pari Passu Indebtedness (including the Existing Notes), to purchase the maximum aggregate principal amount of the Notes and any such Pari Passu Indebtedness to which such Asset Disposition Offer applies that is an integral multiple of $1,000 that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and such Pari Passu Indebtedness, or 100% of the accreted value thereof, if less (or, in respect of such Pari Passu Indebtedness, such lesser price, if any, as may be provided for by the terms of such Pari Passu Indebtedness), in each case, plus accrued and unpaid interest, if any, to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable; *provided* that no Note of less than $2,000 remains outstanding thereafter. The Issuer will deliver notice of such Asset Disposition Offer electronically or by first-class mail as provided under "— Selection and Notice," with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register, describing the transaction or transactions that constitute the Asset Disposition and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture, or otherwise in accordance with the Applicable Procedures of DTC, and described in such notice.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer or any Restricted Subsidiary may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Issuer shall allocate the Excess Proceeds among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness; *provided* that no Notes or other Pari Passu Indebtedness in an unauthorized denomination will remain outstanding after such purchase. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion).

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than Dollars, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Dollars that is actually received by the Issuer upon converting such portion into Dollars.

For purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the (x) assumption or (y) cancellation, extinguishment or termination of Indebtedness or other liabilities (as reflected on the Issuer's or such Restricted Subsidiary's most recent consolidated balance sheet or in the footnotes thereto, or if incurred or accrued subsequent to the date of such balance sheet, such liabilities that would have been reflected on the Issuer's consolidated balance sheet or in the footnotes thereto if such incurrence or accrual had taken place on or prior to the date of such balance sheet, as determined in good faith by the Issuer) contingent or otherwise, in each case, of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and, in the case of clause (x) only, the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer or a Guarantor (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of $75.0 million and 25.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Future credit agreements or other agreements to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Notes pursuant to this covenant. In the event the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any of the Issuer's Affiliates (other than Holdings, the Issuer and the Restricted Subsidiaries or any

entity that becomes a Restricted Subsidiary as a result of such transaction) (an "*Affiliate Transaction*") involving aggregate value in excess of $15.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that would reasonably be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of $37.5 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors, if any.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "— *Limitation on Restricted Payments*" or any Permitted Investment;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case, in the ordinary course of business or consistent with past practice;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer, any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction) or any joint venture (regardless of the form of legal entity) in which the Issuer or any Subsidiary has invested (and which joint venture would not be an Affiliate of the Issuer but for the Issuer's or a Subsidiary of the Issuer's ownership of Capital Stock in such joint venture) to the extent otherwise permitted under this "Certain Covenants" section of this "Description of Notes" (other than solely by reference to this covenant);

(5) the payment of compensation, fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer or any Restricted Subsidiary (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of, or on, the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect (taken as a whole);

(7) (i) any customary transaction with a Securitization Subsidiary effected as part of a Qualified Securitization Financing and (ii) any customary transaction with a Receivables Subsidiary effected as part of a Receivables Facility;

(8) transactions with customers, clients, suppliers, contractors or purchasers or sellers of goods or services, in each case, in the ordinary course of business or consistent with past practice, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate or similar entity;

(10) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock and the granting of registration and other customary rights in connection therewith or any contribution to capital of the Issuer or any Restricted Subsidiary;

(11) [reserved];

(12) (i) direct or indirect investments by Permitted Holders in securities, Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary (and payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in securities, Indebtedness or Disqualified Stock of the Issuer and its Restricted Subsidiaries) so long as the investment is being offered by the Issuer or such Restricted Subsidiary generally to other investors who are not Affiliates of the Issuer or any Restricted Subsidiary on the same or more favorable terms and at least a majority of the principal amount of such Indebtedness or a majority of the aggregate liquidation preference of Disqualified Stock is purchased by Persons who are not Affiliates of the Issuer or any Restricted Subsidiary and (ii) payments to Permitted Holders in respect of securities, Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary contemplated in the foregoing clause (i) or that were acquired from Persons other than the Issuer and the Restricted Subsidiaries, in each case, in accordance with the terms of such securities, Indebtedness or Disqualified Stock;

(13) the Previous Transactions and any Permitted Reorganization and the payment of all fees and expenses related to the Previous Transactions and any Permitted Reorganization;

(14) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;

(15) the existence of, or the performance by the Issuer or any Restricted Subsidiaries of its obligations under the terms of, any equityholders agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Issue Date (or for any such terminated agreement for which such Person may be subject to contingent indemnity or reimbursement obligations as of the Issue Date) and any similar agreement that it may enter into thereafter, and the payment of reasonable out-of-pocket costs and expenses pursuant thereto; *provided*, *however*, that the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under any future amendment to the equityholders' agreement or under any similar agreement entered into after the Issue Date will only be permitted under this clause to the extent that

the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders in any material respects;

(16) the payment of customary indemnities and reimbursement of expenses pursuant to the Sponsor Reimbursement Agreement;

(17) any Intercompany License Agreements;

(18) transactions undertaken pursuant to membership in a purchasing consortium;

(19) the existence and performance of agreements and transactions with any Unrestricted Subsidiary that were entered into prior to the designation of a Restricted Subsidiary as such Unrestricted Subsidiary to the extent that the transaction was permitted at the time that it was entered into with such Restricted Subsidiary and transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the redesignation of any such Unrestricted Subsidiary as a Restricted Subsidiary; *provided* that such transaction was not entered into in contemplation of such designation or redesignation, as applicable;

(20) payments to or from, and transactions with, any joint venture in the ordinary course of business or consistent with past practice or industry norms (including any cash management activities related thereto);

(21) payments by the Issuer (and any Parent Entity) and any Subsidiaries thereof pursuant to tax sharing agreements among the Issuer (and any Parent Entity) and such Subsidiaries on customary terms to the extent attributable to the ownership or operations of the Issuer and the Restricted Subsidiaries; *provided* that, in each case, the amount of such payments in any fiscal year does not exceed the amount that the Issuer, the Restricted Subsidiaries and the Unrestricted Subsidiaries (to the extent of the amount received from Unrestricted Subsidiaries) would have been required to pay in respect of such foreign, federal, state and/or local taxes for such fiscal year had the Issuer, the Restricted Subsidiaries and the Unrestricted Subsidiaries (to the extent described above) paid such taxes separately from any such Parent Entity; and

(22) payments by the Issuer or any of its Restricted Subsidiaries of reasonable insurance premiums to, and any borrowings or dividends received from, any Captive Insurance Subsidiary.

Designation of Restricted and Unrestricted Subsidiaries

The Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause an Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "— *Limitation on Restricted Payments*" or under one or more clauses of the definition of "Permitted Investment," as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default or an Event of Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "— *Certain Covenants — Limitation on Restricted Payments*." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted

Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*," the Issuer will be in default of such covenant.

The Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*," calculated on a Pro Forma Basis as of the most recently ended Test Period; and (2) no Default or Event of Default would be in existence following such designation. Any such designation by the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions.

Reports

Whether or not required by the SEC, so long as any Notes are outstanding, if not filed electronically with the SEC through the SEC's Electronic Data Gathering, Analysis, and Retrieval System (or any successor system) ("*EDGAR*"), from and after the Issue Date, the Issuer will furnish to the Trustee and the Holders within 15 days after the time periods specified below:

(1) all financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K, if the Issuer were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" (which, with respect to both annual and quarterly reports, will include a presentation of "Credit Agreement EBITDA" that conforms in all material respects to the presentation included in this offering memorandum) and, with respect to the annual information only, a report on the annual financial statements by the Issuer's independent registered accountants, within, in the case of annual information, 90 days after the end of each fiscal year and within, in the case of quarterly information, 60 days after the end of each of the first three fiscal quarters of each fiscal year; and

(2) as promptly as provided in the SEC's rules and regulations, all current reports that would be required to be filed with the SEC on Form 8-K if the Issuer were required to file such reports in a manner that complies in all material respects with the requirements specified in such form.

To the extent any such information is not so filed or furnished, as applicable, within the time periods specified above and such information is subsequently filed or furnished, as applicable, the Issuer will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured; *provided* that such cure shall not otherwise affect the rights of the Holders under "— Events of Default" if Holders of at least 30% in principal amount of the then total outstanding Notes have declared the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately and such declaration shall not have been rescinded or cancelled prior to such cure. In addition, to the extent not satisfied by the foregoing, the Issuer agrees that, for so long as any Notes are outstanding, it will furnish to Holders and to securities analysts and prospective purchasers, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Substantially concurrently with the furnishing or making such information available to the Holders pursuant to the second immediately preceding paragraph, unless otherwise made available on EDGAR, the Issuer shall also post copies of such information required by the immediately preceding paragraph on a website (which may be nonpublic and may be maintained by the Issuer or a third party) to which access will be

given to Holders, prospective purchasers of the Notes (which prospective purchasers shall be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Issuer), and securities analysts and market making financial institutions that are reasonably satisfactory to the Issuer; *provided*, *further*, that such Holders, prospective investors, security analysts or market makers will agree to (1) treat all such reports (and the information contained therein) and information as confidential, (2) not use such reports (and the information contained therein) and information for any purpose other than their investment or potential investment in the Notes and (3) not publicly disclose or distribute any such reports (and the information contained therein) and information.

The Indenture will permit the Issuer to satisfy its obligations in the preceding paragraphs of this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to a Parent Entity (including by making such reports available through EDGAR); *provided* that the same is accompanied by unaudited consolidating information that explains in reasonable detail the differences between the information relating to such Parent Entity, on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a stand-alone basis, on the other hand.

Notwithstanding anything to the contrary set forth above, if the Issuer or any Parent Entity has made available through EDGAR the reports described in the preceding paragraphs with respect to the Issuer or any Parent Entity (including any consolidated financial information required by Regulation S-X relating to the Issuer), the Issuer shall be deemed to be in compliance with the provisions of this covenant.

The Issuer will also hold quarterly conference calls for the Holders of the Notes to discuss financial information for the previous quarter; it being understood that such quarterly conference call may be the same conference call as with the lenders under any Credit Facility (if applicable) or with any equity investors of the Issuer or any Parent Entity and analysts. In the event that the Issuer or any Parent Entity does not hold any such conference call with equity investors and analysts, each such conference call will be following the last day of each most recently ended fiscal quarter of the Issuer before or after (but not later than 10 Business Days after) the time that the Issuer distributes the financial statements as set forth in the first paragraph above. Prior to such conference call, the Issuer will issue a press release announcing the time and date of such conference call and providing instructions to Holders, securities analysts and applicable current and prospective investors on how to obtain access to such call.

The Trustee will have no responsibility whatsoever to determine whether any posting or filing through EDGAR or on any website as described herein has occurred.

Limitation on Guarantees

The Issuer will not permit any of its Wholly-Owned Domestic Subsidiaries that are Restricted Subsidiaries (and non-Wholly-Owned Domestic Subsidiaries if such non-Wholly-Owned Domestic Subsidiaries Guarantee other capital markets debt securities of the Issuer or any Guarantor or Guarantee Indebtedness of the Issuer under the Credit Agreement), other than a Guarantor, to Guarantee the payment of any capital markets debt securities of the Issuer or any Guarantor or Indebtedness of the Issuer under the Credit Agreement, in each case, unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Indenture providing for a Note Guarantee by such Restricted Subsidiary, except that with respect to a Guarantee of Indebtedness of the Issuer or any Guarantor, if such Indebtedness is by its express terms subordinated in right of payment to the Notes or such Guarantor's Note Guarantee, any such Guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Note Guarantee of such Restricted Subsidiary substantially to the same extent as such Indebtedness is subordinated to the Notes or such Guarantor's Note Guarantee; and

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee until payment in full of Obligations under the Indenture;

provided that this covenant shall not be applicable (i) to any Guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, or (ii) in the event that the Guarantee of the Issuer's obligations under the Notes or the Indenture by such Restricted Subsidiary would not be permitted under applicable law.

The Issuer may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case, such Subsidiary shall not be required to comply with the 30-day period described in clause (1) above.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the Issuer is the resulting or surviving Person or the resulting, surviving or transferee Person (such resulting or surviving Person, including, if applicable, the Issuer, or such transferred Person, as applicable, the "*Successor Company*") will be a Person organized and existing under the laws of the United States, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and if such Successor Company is not a corporation, a co-obligor of the Notes is a corporation organized or existing under such laws;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the applicable Successor Company or any Restricted Subsidiary of the applicable Successor Company as a result of such transaction as having been Incurred by the applicable Successor Company or any such Restricted Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, on a Pro Forma Basis, either (a) the applicable Successor Company would be able to Incur at least an additional $1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "— *Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" or (b) the Consolidated Coverage Ratio as of the most recently ended Test Period would not be lower than it was for such Test Period immediately prior to giving effect to such transaction; and

(4) the Issuer (or Successor Company if other than the Issuer) shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer, and such supplemental indenture (if any), comply with the Indenture; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

The Successor Company will succeed to, and (if other than the Issuer) be substituted for, and may exercise every right and power of, the Issuer under the Notes and the Indenture, and in such event where the Successor Company is not the Issuer, the Issuer will automatically be released from its obligations under the Notes and the Indenture, but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Notes or the Indenture.

Notwithstanding the preceding clauses (2), (3) and (4) (which do not apply to transactions referred to in this sentence), any Restricted Subsidiary of the Issuer may consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, the Issuer.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate with or merge with or into, or wind up into an Affiliate of the Issuer solely for the purpose of reincorporating the Issuer in the United States, any state thereof, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Guarantors

Subject to certain limitations described in the Indenture governing release of a Note Guarantee as described under the caption "— Guarantees" above, no Guarantor may:

(1) consolidate with or merge with or into any Person, or

(2) convey, transfer or lease all or substantially all its assets to any Person, in one transaction or a series of related transactions,

unless

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction;

(B) either (x) such Guarantor is the resulting or surviving Person or (y)(I) the resulting, surviving or transferee Person (the "*Successor Person*") will be a Person organized and existing under the laws of the United States, any State of the United States or the District of Columbia and the Successor Person (if not a Guarantor or the Issuer) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, all the obligations of such Guarantor under the Indenture and such Guarantor's related Note Guarantee, (II) immediately after giving effect to the transaction, on a Pro Forma Basis, no Event of Default has occurred and is continuing and (III) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer, and such supplemental indenture (if any), comply with the Indenture; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of the applicable sub-clauses (y)(I) and (y)(II) above; or

(C) the transaction constitutes a sale, lease or other disposition (including by way of consolidation, amalgamation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the foregoing (which do not apply to transactions referred to in this sentence), (a) any Guarantor may consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, the Issuer or another Guarantor, (b) any Guarantor may liquidate, dissolve or wind up if the Issuer determines in good faith that such liquidation, dissolution or winding up is in the best interests of the Issuer and the Restricted Subsidiaries, taken as a whole, and is not materially disadvantageous to the Holders, and (c) any Guarantor may consolidate or otherwise combine with or merge with or into an Affiliate incorporated or organized in the United States, any State of the United States or the District of Columbia for the purpose of changing the legal domicile of such Guarantor, reincorporating such Guarantor in another jurisdiction, or changing the legal form of such Guarantor.

Events of Default

The Indenture will provide that each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest on any Note when due and payable, continued for 30 consecutive days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration of acceleration or otherwise;

(3) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in principal amount of the outstanding Notes with any agreement or obligation (other than a default referred to in clause (1) or (2) above) contained in the Indenture; *provided* that in the case of a failure to comply with the Indenture provisions described under "Reports," such period of continuance of such default or breach shall be 90 days after written notice described in this clause (3) has been given;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

   (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness ("*payment default*"); or

   (b) results in the acceleration of such Indebtedness prior to its stated final maturity (the "*cross acceleration provision*");

   and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates $60.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together would constitute a Significant Subsidiary) (the "*bankruptcy provisions*");

(6) failure by the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of $60.0 million other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 consecutive days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "*judgment default provision*"); or

(7) any Guarantee of the Notes ceases to be in full force and effect, other than in accordance with the terms of the Indenture, or a Guarantor denies or disaffirms its obligations under its Guarantee of the Notes, other than in accordance with the terms thereof or upon release of such Note Guarantee in accordance with the Indenture.

However, a Default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes notify the

Issuer of the Default and, with respect to clauses (3) and (6), the Issuer does not cure such Default within the time specified in clauses (3) or (6), as applicable, of this paragraph after receipt of such notice.

If after the Issue Date an Event of Default (other than an Event of Default described in clause (5) above with respect to the Issuer) occurs and is continuing, the Trustee by written notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may declare the principal of, and premium, if any, and accrued and unpaid interest on, all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of an Event of Default described in clause (4) above, such Event of Default and any declaration of acceleration of the Notes occurring on account thereof (and any related default occurring under clause (1) or (2) above as a result of the acceleration of the Notes) shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the applicable Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, not later than 30 days after the declaration of acceleration (if any) of the Notes with respect thereto, and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal of, and premium or interest, if any, on, the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If after the Issue Date an Event of Default described in clause (5) above with respect to the Issuer occurs and is continuing, the principal of, and premium, if any, and accrued and unpaid interest on, all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the then outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except a continuing Default with respect to nonpayment of principal, premium or interest) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "*Initial Default*") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense that may be incurred. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of such person's own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it against all losses, liabilities and expenses that may be caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified in writing by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on, any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signer thereof knows of any Default that has occurred and is continuing. The Issuer is required to deliver to the Trustee written notice of any events of which it is aware, within 30 days after the Issuer becoming aware thereof, which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any existing Default or Event of Default or compliance by the Issuer or any Restricted Subsidiary with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, the Indenture will provide that, without the consent of each affected Holder, an amendment or waiver may not with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the stated rate of, or extend the stated time for payment of, interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed (for the avoidance of doubt, other than provisions relating to a Change of Control and Asset Dispositions); *provided* that any amendment to the minimum notice requirement may be made with the consent of the Holders of a majority in aggregate principal amount of then outstanding Notes;

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any right to receive payment of principal of and interest on such Holder's Notes;

(7) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(8) make any change to or modify the ranking of the Notes or Note Guarantees that would adversely affect the Holders; or

(9) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the Guarantors (with respect to any Note Document to which it is a party), as applicable, may amend or supplement, or waive any provision of, any Note Document to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to this "Description of Notes," to the extent such provision was intended to be a verbatim recitation thereof, as such intention is set forth in an Officer's Certificate, or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a Successor Person of the obligations of the Issuer or any Guarantor under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(4) add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect (as determined in good faith by the Issuer);

(6) at the Issuer's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act (it being agreed that the Indenture will not on the Issue Date, and need not thereafter, qualify under the Trust Indenture Act);

(7) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;

(8) provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture;

(9) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document; or

(10) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including to facilitate the issuance and administration of Notes; *provided, however,* that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of or supplement to any Note Document. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust.

The Issuer at any time may terminate the obligations of the Issuer and the Restricted Subsidiaries under the covenants described under "— *Certain Covenants*" (other than clauses (1) and (2) of the first paragraph under "— *Merger and Consolidation*") and "— *Change of Control*" and the default provisions relating to such covenants described under "— *Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision and the guarantee provision described under "— *Events of Default*" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5) (with respect only to Significant Subsidiaries), (6) or (7) under "— Events of Default" above.

In order to exercise either defeasance option, the Issuer (x) must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee cash in Dollars or U.S. Government Obligations, or a combination thereof, for the payment of principal of, and premium, if any, and interest on, the Notes to, but excluding, the date of redemption or maturity, as the case may be; *provided*, that upon any redemption that requires the payment of the Applicable Premium, the amount deposited will be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount, the "*Applicable Premium Deficit*") only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit will be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit will be applied toward such redemption; and (y) must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States, subject to customary assumptions and exclusions, confirming that (a) in the case of legal defeasance, (i) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling, or (ii) since the issuance of the Notes, there has been a change in the applicable U.S. federal income tax law, in either case of the foregoing clauses (i) and (ii), that based thereon the Holders will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred and (b) in the case of covenant defeasance, the Holders will not recognize income, gain or loss for U.S. federal income tax

purposes as a result of such covenant defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(2) an Opinion of Counsel stating that, as of the date of such opinion and subject to customary assumptions and exclusions, following the deposit, the trust funds will not be subject to the effect of Section 547 of Title 11 of the United States Code, as amended;

(3) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(4) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(5) with respect to U.S. Government Obligations or a combination of money and U.S. Government Obligations, a certificate from an Independent Financial Advisor expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations *plus* any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal, premium (if any) and interest on the notes to redemption or maturity, as the case may be.

Satisfaction and Discharge

The Indenture will provide that it will be discharged and cease to be of further effect (except as expressly provided for in the Indenture) as to all outstanding Notes when either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Holders) have been delivered to the Trustee for cancellation; or (b)(i) all Notes not previously delivered to the Trustee for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year or (z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (ii) the Issuer has deposited or caused to be deposited with the Trustee, money in Dollars or U.S. Government Obligations, or a combination thereof (together with, if U.S. Government Obligations or a combination of money and U.S. Government Obligations are deposited, a certificate from an Independent Financial Advisor to the effect set forth in clause (5) under "— *Defeasance*"), as applicable, in the case of Notes, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to, but excluding, the date of deposit (in the case of Notes that have become due and payable), or to, but excluding, the Stated Maturity or redemption date, as the case may be; *provided*, that (I) upon any redemption that requires the payment of the Applicable Premium, the amount deposited will be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the date of redemption and (II) any Applicable Premium Deficit will be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit will be applied toward such redemption; (iii) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (iv) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent under the "— *Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (b)(i), (b)(ii) and (b)(iii)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member, partner or equityholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any personal liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee

Wilmington Trust, National Association is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting such person's own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes, fees and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the registrar. For so long as any Notes are represented by global notes, all notices to Holders of the Notes will be delivered to DTC, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of book-entry interests.

Any notice provided to a Holder by publication shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed (or per the procedures of DTC, in the case of the global notes). Failure to mail or deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other

Holders. If a notice or communication is mailed or delivered in the manner provided above, it is duly given, whether or not the addressee receives it.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York.

Limited Condition Transactions

In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of any provision of the Indenture which will require that no Default, Event of Default or specified Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Issuer, be deemed satisfied, so long as no Default, Event of Default or specified Event of Default, as applicable, exists on the date the definitive agreement for such Limited Condition Transaction is entered into.

Furthermore, in connection with any action being taken in connection with a Limited Condition Transaction, for purposes of:

(1) determining compliance with any provision of the Indenture which will require the calculation of any financial ratio or test, including the Consolidated Coverage Ratio, the Consolidated Total Net Leverage Ratio and the Consolidated Secured Net Leverage Ratio; or

(2) testing availability under baskets to be set forth in the Indenture (including baskets measured as a percentage of Consolidated EBITDA);

in each case, at the option of the Issuer (the Issuer's election to exercise such option in connection with any Limited Condition Transaction, an "*LCT Election*"), the date of determination of whether any such action is permitted hereunder shall be deemed to be the date the definitive agreement for such Limited Condition Transaction is entered into (the "*LCT Test Date*"), and if, after giving Pro Forma Effect to the Limited Condition Transaction, the Issuer or any of its Restricted Subsidiaries would have been permitted to take such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with. For the avoidance of doubt, (i) if the Issuer has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would have failed to have been satisfied as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Consolidated EBITDA, at or prior to the consummation of the relevant transaction or action, such baskets, tests or ratios will not be deemed to have failed to have been satisfied as a result of such fluctuations and (ii) such ratios, tests or baskets shall not be tested at the time of consummation of such Limited Condition Transaction, unless the Issuer elects in its sole discretion to test such ratio, test or basket on the date such Limited Condition Transaction is consummated instead of the date of the related definitive agreement. If the Issuer has made an LCT Election for any Limited Condition Transaction, then in connection with any event or transaction occurring after the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, repurchase, defeasance, satisfaction and discharge or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes, as applicable, without consummation of such Limited Condition Transaction (a "*Subsequent Transaction*") in connection with which a ratio, test or basket availability calculation must be made on a Pro Forma Basis or giving Pro Forma Effect to such Subsequent Transaction, for purposes of determining whether such ratio, test or basket availability has been complied with under the Indenture, any such ratio, test or basket shall be required to be satisfied on a Pro Forma Basis assuming such Limited Condition Transaction and other transactions in connection therewith have been consummated.

Certain Definitions

Set forth below are certain defined terms that will be used in the Indenture. For purposes of the Indenture and this Description of Notes, unless otherwise specifically indicated, the term "*consolidated*" with respect to any Person will refer or refers, as applicable, to such Person consolidated with its Restricted Subsidiaries and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"*Acquired Indebtedness*" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged, consolidated, or amalgamated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging, consolidating, or amalgamating with or into or becoming a Restricted Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Assets*" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Issuer or a Restricted Subsidiary or otherwise useful in a Similar Business or otherwise intended to replace any property or assets that are the subject of such Asset Disposition;

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary of the Issuer; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means possession of the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*AHYDO Payment*" means any mandatory prepayment or redemption pursuant to the terms of any Indebtedness that is intended or designed to cause such Indebtedness not to be treated as an "applicable high yield discount obligation" within the meaning of Code Section 163(i).

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of

(1) 1.0% of the outstanding principal amount of such Note and

(2) the excess (to the extent positive) of:

  (a) the present value at such redemption date of (i) the redemption price of such Note at , 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "— *Optional Redemption*"), plus (ii) all required remaining scheduled interest payments due on such Note to and excluding such date set forth in clause (i) (excluding accrued but unpaid interest to, but excluding, the redemption date), computed using a discount rate equal to the Applicable Treasury Rate at such redemption date plus 50 basis points; over

  (b) the outstanding principal amount of such Note on such redemption date;

in each case, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. The Trustee will have no duty to calculate or verify the Issuer's calculation of the Applicable Premium.

"*Applicable Procedures*" means, with respect to any transfer, exchange, payment, notice or other activity of the depositary on behalf of or for beneficial interests in any global note, the rules and procedures of the depositary that apply to such transfer, exchange, payment, notice or other activity.

"*Applicable Treasury Rate*" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to , 2022; *provided*, *however*, that if the period from the redemption date to , 2022 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Applicable Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to such applicable date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"*Asset Disposition*" means:

(a) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Issuer or any of its Restricted Subsidiaries (in each case other than Capital Stock of the Issuer) (each referred to in this definition as a "*disposition*"); or

(b) the issuance or sale of Capital Stock of any Restricted Subsidiary (other than (x) directors' qualifying shares or other ownership interests and (y) a nominal number of shares or other ownership interests issued to foreign nationals to the extent required by applicable laws), whether in a single transaction or a series of related transactions;

in each case under the foregoing clauses (a) and (b), other than:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary, including the disposition of intellectual property or other general intangibles pursuant to any Intercompany License Agreement;

(2) a disposition of cash, Cash Equivalents or Investment Grade Securities;

(3) a disposition of goods, inventory or other assets in the ordinary course of business or consistent with past practice (including allowing any registrations or any applications for registrations of any intellectual property rights to lapse or go abandoned in the ordinary course of business or consistent with past practice);

(4) a disposition of obsolete, worn-out, uneconomic or damaged property, equipment or other assets or property, equipment or other assets (including any leasehold property interests) that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Issuer and its Restricted Subsidiaries, in each case, whether now or hereafter owned or leased or acquired in connection with an acquisition;

(5) transactions permitted under "— *Certain Covenants — Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(7) any dispositions of assets or any issuance or sale of Capital Stock of any Restricted Subsidiary in a single transaction or series of related transactions with an aggregate fair market value of less than the greater of (x) $37.5 million and (y) 12.50% of Consolidated EBITDA (calculated on a Pro Forma Basis) for the most recently ended Test Period at the time of such disposition or issuance or sale, as applicable;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "— *Certain Covenants — Limitation on Restricted Payments*" and the making of any Permitted Investment;

(9) dispositions, including the incurrence of Liens that would otherwise constitute a disposition, in connection with the incurrence of Permitted Liens;

(10) dispositions of receivables (including write-offs, discounts and compromises) in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) conveyances, sales, transfers, licenses or sublicenses or other dispositions of intellectual property, software or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license in the intellectual property or software that result from such agreement;

(12) foreclosure, condemnation, expropriation or any similar action with respect to any property or other assets or casualty or insured damage to assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(14) any issuance, disposition or pledge of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) (i) dispositions of property to the extent that such property is exchanged for credit against the purchase price of similar replacement property that is purchased within 270 days thereof, (ii) dispositions of property to the extent that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is purchased within 270 days thereof) and (iii) to the extent allowable under Section 1031 of the Code, or any comparable or successor provision, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(17) any disposition of Securitization Assets or Receivables Assets, or participations therein, in connection with any Qualified Securitization Financing or Receivables Facility;

(18) any financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture;

(19) dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to, customary buy/sell arrangements between the parties to such joint venture set forth in joint venture arrangements and similar binding arrangements;

(20) (i) the termination or otherwise collapsing of its cost sharing agreements with the Issuer or any Subsidiary and settlement of any crossing payments in connection therewith, (ii) the conversion of any intercompany Indebtedness to Capital Stock or any Capital Stock to intercompany Indebtedness, (iii) the transfer of any intercompany Indebtedness to the Issuer or any Restricted Subsidiary, (iv) the settlement, discount, write off, forgiveness or cancellation of any intercompany Indebtedness or other obligation owing by the Issuer or any Restricted Subsidiary, (v) the settlement, discount, write off, forgiveness or cancellation of any Indebtedness owing by any present or former consultants, managers, directors, officers or employees of the Issuer, any Parent Entity, or any Subsidiary thereof or any of their successors or assigns or (vi) the surrender or waiver of contractual rights and settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind;

(21) the unwinding of any obligations in respect of Cash Management Services or any Hedging Obligations pursuant to their respective terms;

(22) any sales, transfers, leases and other dispositions made in order to effect the Previous Transactions or any Permitted Reorganization;

(23) samples, including time-limited evaluation software, provided to customers or prospective customers;

(24) [reserved];

(25) any disposition in connection with Permitted Sale and Leasebacks permitted under clause (7) of the second paragraph of the covenant described in "— Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock";

(26) any disposition of non-core assets acquired in connection with any Permitted Acquisition or Investment permitted under the Indenture;

(27) the sale of Capital Stock in a Qualified Restricted Subsidiary to a Strategic Investor in the ordinary course of business; or

(28) any swap of assets in exchange for services or other assets in the ordinary course of business for comparable or greater fair market value or usefulness to the business of the Issuer and the Restricted Subsidiaries, taken as a whole, as determined in good faith by the Issuer.

"*Bank Products*" means, collectively, any services or facilities (other than Cash Management Services or any borrowing under the Credit Agreement) on account of (i) credit and debit cards and (ii) purchase cards and other card payment products.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such

Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, United States or in the place of payment are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants, options or depositary receipts for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Software Expenditures*" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"*Captive Insurance Subsidiary*" means a Subsidiary of the Issuer established for the purpose of, and to be engaged solely in the business of, insuring the businesses or facilities owned or operated by the Issuer or any of its Subsidiaries or joint ventures or to insure related or unrelated businesses.

"*Cash Equivalents*" means:

(1) (a) Dollars, Euros, Pounds Sterling, Canadian Dollars, or any national currency of any Participating Member State in the European Union or (b) local currencies held from time to time in the ordinary course of business;

(2) securities issued or directly and fully and unconditionally guaranteed or insured by the United States government or any country that is a member state of the European Union or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 24 months or less from the date of acquisition;

(3) certificates of deposit, time deposits, and eurodollar time deposits with maturities of one year or less from the date of acquisition, demand deposits, bankers' acceptances with maturities not exceeding one year, and overnight bank deposits, in each case, with any commercial bank having capital and surplus of not less than $250,000,000 in the case of U.S. banks and $100,000,000 (or the equivalent thereof as of the date of determination) in the case of foreign banks;

(4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) above and clause (8) below entered into with any Person referenced in clause (3) above;

(5) commercial paper rated at least P-2 (or the equivalent thereof) by Moody's or at least A-2 (or the equivalent thereof) by S&P and in each case maturing within 24 months after the date of creation thereof;

(6) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 (or, in either case, the equivalent thereof) from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized ratings agency) and in each case maturing within 24 months after the date of creation or acquisition thereof;

(7) readily marketable direct obligations issued by any state, commonwealth, or territory of the United States or any political subdivision or taxing authority thereof having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of 24 months or less from the date of acquisition;

(8) Indebtedness or preferred Capital Stock issued by Persons with a rating of "A" (or the equivalent thereof) or higher from S&P or "A2" (or the equivalent thereof) or higher from Moody's with maturities of 24 months or less from the date of acquisition;

(9) solely with respect to any Foreign Subsidiary: (a) obligations of the national government of the country in which such Foreign Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development, in each case maturing within one year after the date of investment therein, (b) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Foreign Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development, and whose short-term commercial paper rating from S&P is at least "A-2" or the equivalent thereof or from Moody's is at least "P-2" or the equivalent thereof (any such bank being an "*Approved Foreign Bank*"), and in each case, with maturities of not more than 24 months from the date of acquisition, and (c) the equivalent of demand deposit accounts which are maintained with an Approved Foreign Bank, in each case, customarily used by entities for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by such Foreign Subsidiary organized in such jurisdiction;

(10) in the case of investments by any Foreign Subsidiary or investments made in a country outside the United States, Cash Equivalents shall also include investments of the type and maturity described in clauses (1) through (8) above of foreign obligors, which investments have ratings, described in such clauses or equivalent ratings from comparable foreign rating agencies; and

(11) investment funds investing all or substantially all of their assets in securities of the types described in clauses (1) through (8) above.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than set forth in clause (1) above; *provided* that such amounts are converted into currencies listed in clause (1) within 10 Business Days following receipt of such amounts.

"*Cash Management Services*" means any one or more of the following types of services or facilities: (a) ACH transactions, (b) treasury and/or cash management services, including, controlled disbursement services, depository, overdraft and electronic funds transfer services, (c) foreign exchange facilities, (d) deposit and other accounts, and (e) merchant services (other than those constituting a line of credit). For the avoidance of doubt, Cash Management Services do not include Hedging Obligations.

"*CFC*" means a Subsidiary of the Issuer that is a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change of Control" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by (A) any Person (other than any Permitted Holder) or (B) Persons (other than any Permitted Holders) that are together (1) a "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) or (2) acting, for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), as a group, in a single transaction or in a related series of transactions, by way of merger, amalgamation, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50% or more of the total voting power of the Voting Stock of the Issuer directly or indirectly through any of its direct or indirect parents holding directly or indirectly 100% of the voting power of the Voting Stock of the Issuer; or

(2) the sale, lease, transfer, conveyance or other disposition in one or a series of related transactions (other than by way of merger, consolidation or amalgamation or other business combination transaction) of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to any Person other than a Restricted Subsidiary or one or more Permitted Holders.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Consolidated Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person and its Restricted Subsidiaries for the applicable Test Period to the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such Test Period.

In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, repays, defeases, retires or extinguishes any Indebtedness (in each case, other than Indebtedness incurred or repaid under any revolving credit facility or line of credit in the ordinary course of business for working capital purposes) or issues or redeems Disqualified Stock, in each case, (i) during the applicable Test Period for which the Consolidated Coverage Ratio or any other financial ratio or test under the Indenture is being calculated or (ii) subsequent to the end of such Test Period and prior to or simultaneously with the event for which the calculation of the Consolidated Coverage Ratio or such other financial ratio or test under the Indenture is made (the "*Ratio Calculation Date*"), then the Consolidated Coverage Ratio shall be calculated giving Pro Forma Effect to such Incurrence, assumption, Guarantee, redemption, repayment, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock, as the case may be, as if the same had occurred at the beginning of the applicable Test Period (and for the purposes of the numerator of each of the Consolidated Total Net Leverage Ratio and the Consolidated Secured Net Leverage Ratio, as if the same had occurred on the last day of the applicable Test Period).

For purposes of making the computation referred to above, any Specified Transaction that has been made by the Issuer or any of its Restricted Subsidiaries during the applicable Test Period or subsequent to the end of such Test Period and prior to or simultaneously with the Ratio Calculation Date shall be calculated on a Pro Forma Basis assuming that all Specified Transactions (and the change in any associated interest coverage obligations and change in Consolidated EBITDA and the component financial definitions used therein, as applicable, attributable to any Specified Transaction) had occurred on the first day of such Test Period. If since the beginning of any applicable Test Period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any of its Restricted Subsidiaries since the beginning of such Test Period shall have made any Investment, acquisition, disposition, merger, consolidation or amalgamation that would have required adjustment pursuant to this definition, then the Consolidated Coverage Ratio or any other financial ratio or test being calculated pursuant to the Indenture shall be calculated giving Pro Forma Effect thereto for such Test Period as if such Investment, acquisition, disposition, merger, consolidation or amalgamation had occurred at the beginning of such Test Period.

For purposes of this definition and the definitions of "Consolidated Total Net Leverage Ratio" and "Consolidated Secured Net Leverage Ratio," whenever Pro Forma Effect is to be given to a Specified Transaction, the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Issuer and may include, for the avoidance of doubt, the amount of "run-rate" cost savings, operating expense reductions, operating improvements and synergies resulting from or relating to such Specified Transaction (and related insourcing initiatives) projected by the Issuer in good faith to be realized as a result of actions taken or with respect to which substantial steps have been taken or are expected to be taken (calculated on a Pro Forma Basis as though such cost savings, operating expense reductions, operating improvements and synergies had been realized on the first day of such period and as if such cost savings, operating expense reductions, operating improvements and synergies were realized during the entirety of such period and such that "run-rate" means the full recurring benefit for a period that is associated with any action taken, for which substantial steps have been taken or are expected to be taken net of the amount of actual benefits realized during such period from such actions), and any such adjustments shall be included in the initial pro forma calculations of such financial ratios or tests relating

to such Specified Transaction (and in respect of any subsequent pro forma calculations in which such Specified Transaction or cost savings, operating expense reductions, operating improvements and synergies are given Pro Forma Effect) and during any applicable subsequent Test Period for any subsequent calculation of such financial ratios and tests; *provided* that (A) such amounts are reasonably identifiable and factually supportable in the good faith judgment of the Issuer, (B) such actions are taken or substantial steps with respect to such actions are or are expected to be taken no later than 24 months after the date of such Specified Transaction, and (C) no amounts shall be added to the extent duplicative of any amounts that are otherwise added back in computing Consolidated EBITDA (or any other components thereof), whether through a pro forma adjustment or otherwise, with respect to such period.

If any Indebtedness bears a floating rate of interest and is being given Pro Forma Effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Ratio Calculation Date had been the applicable rate for the entire applicable Test Period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees or costs, debt issuance costs, commissions, fees, and expenses, capitalized expenditures (including Capitalized Software Expenditures), expenditures relating to software, license and intellectual property payments, any lease related assets recorded in purchase accounting, customer acquisition costs, original issue discount resulting from the issuance of Indebtedness at less than par and incentive payments, conversion costs, and contract acquisition costs of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"*Consolidated EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period:

(1) increased by (without duplication):

   (a) provision for taxes based on income or profits or capital, including U.S. federal, state, non-U.S., franchise, excise, value added, and similar taxes and foreign withholding taxes of such Person and its Restricted Subsidiaries paid, expected to be paid, or accrued during such period, including any penalties and interest related to such taxes or arising from any tax examinations, deducted (and not added back) in computing Consolidated Net Income; plus

   (b) Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period (including (1) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (2) costs of surety bonds in connection with financing activities, in each case, to the extent included in Consolidated Interest Expense), together with items excluded from the definition of "Consolidated Interest Expense" and any non-cash interest expense, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; plus

   (c) Consolidated Depreciation and Amortization Expense of such Person and its Restricted Subsidiaries for such period to the extent the same were deducted in computing Consolidated Net Income; plus

(d) any non-cash increase in expenses resulting from the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances) or other inventory adjustments; plus

(e) any other non-cash charges, expenses or losses, including any non-cash expense relating to the vesting of warrants, non-cash asset retirement costs and any write offs, write downs, expenses, losses, or items to the extent the same were deducted (and not added back) in computing Consolidated Net Income (*provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, (1) the Issuer may determine not to add back such non-cash charge in the current period and (2) to the extent the Issuer does decide to add back such non-cash charge, the cash payment in respect thereof in such future period shall be deducted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); plus

(f) the Net Income of any Person to the extent excluded from the calculation of Consolidated Net Income pursuant to clause (5) of the definition thereof (i.e., the minority interest of the Issuer or any Guarantor in the entities generating such Net Income); plus

(g) the amount of management, monitoring, consulting, advisory and other fees (including termination and transaction fees) and indemnities and expenses paid or accrued in such period to the Sponsor or any of its Affiliates; plus

(h) costs of surety bonds incurred in such period in connection with financing activities; plus

(i) (A) the amount of "run-rate" cost savings, operating expense reductions, operating improvements and synergies related to the Previous Transactions projected by the Issuer in good faith to be realized as a result of actions either taken or expected to be taken or with respect to which substantial steps have been taken or are expected to be taken (in each case, in the good faith determination of the Issuer) within 24 months after the Existing Notes Escrow Release Date (calculated on a Pro Forma Basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of the period for which Consolidated EBITDA is being determined (the "*EBITDA Determination Period*"), and as if such cost savings, operating expense reductions and synergies were realized during the entirety of the EBITDA Determination Period), net of the amount of actual benefits realized during the EBITDA Determination Period from such actions; *provided* that such cost savings, operating expense reductions and synergies are reasonably identifiable and factually supportable in the good faith judgment of the Issuer, (B) the amount of "run-rate" cost savings, operating expense reductions, operating improvements and synergies related to mergers and other business combinations, acquisitions, divestures, restructurings, insourcing initiatives, cost savings initiatives and other similar initiatives consummated prior to or after the Issue Date and not contemplated by sub-clause (A) of this clause (i) projected by the Issuer in good faith as a result of actions either taken or are expected to be taken or with respect to which substantial steps have been taken or are expected to be taken (in each case, in the good faith determination of the Issuer) within 24 months after a merger or other business combination, acquisition, divestiture, restructuring, cost savings initiative or other initiative (calculated on a Pro Forma Basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of the EBITDA Determination Period and as if such cost savings, operating expense reductions and synergies were realized during the entirety of the EBITDA Determination Period), net of the amount of actual benefits realized during the EBITDA Determination Period from such actions; *provided* that such cost savings, operating expense reductions and synergies are reasonably identifiable and factually supportable in the good faith determination of the Issuer, and (C) the amount of "run-rate" impact on Consolidated EBITDA occurring as a result of business initiatives consummated, continued or expanded prior to or after the Issue Date and not contemplated by

sub-clauses (A) and (B) of this clause (i) projected by the Issuer in good faith as a result of actions either taken or expected to be taken or with respect to which substantial steps have been taken or are expected to be taken (in each case, in the good faith determination of the Issuer) within 24 months of the applicable business initiative; *provided*, that such impact on Consolidated EBITDA is reasonably identifiable and factually supportable, in the good faith determination of the Issuer; *provided*, *further*, that (x) no cost savings, operating expense reductions and synergies shall be added pursuant to this clause (i) to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a pro forma adjustment or otherwise, for the EBITDA Determination Period and (y) for purposes of this clause (i), "run-rate" means the full recurring benefit for a period that is associated with any action either taken or expected to be taken or with respect to which substantial steps have been taken or are expected to be taken (in each case, in the good faith determination of the Issuer); plus

(j) the amount of loss or discount on sale of (x) Receivables Assets and related assets in connection with a Receivables Facility and (y) Securitization Assets and related assets in connection with a Qualified Securitization Financing; plus

(k) any costs or expense incurred by the Issuer or any Restricted Subsidiary pursuant to any management equity plan or equity option plan or any other management or employee benefit plan or agreement or any equity subscription or equityholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Capital Stock of the Issuer (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (c) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*" and have not been relied on for purposes of any incurrence of Indebtedness under clause (10) of the second paragraph of the covenant described in "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*"; plus

(l) the amount of expenses relating to payments made to option holders of any direct or indirect parent of the Issuer in connection with, or as a result of, any distribution being made to equityholders of such Person, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; plus

(m) with respect to any joint venture that is not a Restricted Subsidiary, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Issuer's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary); plus

(n) costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith or other enhanced accounting functions and Public Company Costs; plus

(o) cash receipts (or any netting arrangements resulting in reduced cash expenses) not included in Consolidated EBITDA in any period solely to the extent that the corresponding non-cash gains relating to such receipts were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; plus

(p) to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, (1) any expenses and charges that are reimbursed by indemnification or

other similar provisions in connection with any acquisition or investment or any sale, conveyance, transfer, or other Asset Disposition of assets permitted hereunder and (2) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days), expenses, charges or losses with respect to liability or casualty events or business interruption; plus

(q) with respect to any Restricted Subsidiary that is not wholly owned by the Issuer or any Guarantor that has any outstanding notes(s) issued to the Issuer or any Guarantor, the least of (i) the minority interest of such Restricted Subsidiary as of the last day of such period, (ii) the outstanding amount of all notes issued by such Restricted Subsidiary to the Issuer or any Guarantor as of the last day of such period and (iii) the amount of the Consolidated EBITDA of such Restricted Subsidiary for such period that is not otherwise included in the calculation of Consolidated EBITDA for such period, all as determined in accordance with GAAP; plus

(r) letter of credit fees; plus

(s) any net loss from disposed, abandoned, transferred, closed or discontinued operations (excluding held for sale discontinued operations until actually disposed of); plus

(t) with respect to any Person in which the Issuer or a Guarantor holds an equity interest, but which is not a Subsidiary of the Issuer, that has any outstanding note(s) issued to the Issuer or any Guarantor, the lesser of (i) the outstanding amount of all notes issued by such Person to the Issuer or a Guarantor as of the last day of such period and (ii) the amount of the Consolidated EBITDA of such Person for such period that is not otherwise included in the calculation of Consolidated EBITDA for such period, all as determined in accordance with GAAP; and

(2) decreased by (without duplication):

(a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced Consolidated EBITDA in any prior period; *provided* that, to the extent non-cash gains are deducted pursuant to this clause (2)(a) for any previous period and not otherwise added back to Consolidated EBITDA, Consolidated EBITDA shall be increased by the amount of any cash receipts (or any netting arrangements resulting in reduced cash expenses) in respect of such non-cash gains received in subsequent periods to the extent not already included therein; plus

(b) any net income from disposed, abandoned, transferred, closed or discontinued operations (excluding held for sale discontinued operations until actually disposed of); plus

(c) the amount of gain on sale of (x) Receivables Assets and related assets in connection with a Receivables Facility and (y) Securitization Assets and related assets in connection with a Qualified Securitization Financing.

For the avoidance of doubt: (i) to the extent included in Consolidated Net Income, there shall be excluded in determining Consolidated EBITDA for any period any adjustments resulting from the application of ASC 815 and its related pronouncements and interpretations, or the equivalent accounting standard under GAAP or an alternative basis of accounting applied in lieu of GAAP, (ii) to the extent any add-backs or deductions are reflected in the calculation of Consolidated Net Income, such add-backs and deductions shall not be duplicated in determining Consolidated EBITDA and (iii) Consolidated EBITDA shall be

calculated giving effect to pro forma adjustments as set forth in the definition of "Consolidated Coverage Ratio."

Unless otherwise stated or context clearly dictates otherwise, references to Consolidated EBITDA shall refer to the Consolidated EBITDA of the Issuer.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated cash interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (x) all commissions, discounts, and other fees and charges owed with respect to letters of credit or bankers acceptances, (y) capitalized interest to the extent paid in cash, and (z) net payments (over payments received), if any, made pursuant to interest rate Hedging Obligations with respect to Indebtedness); plus

(2) any cash payments made during such period in respect of the accretion or accrual of discounted liabilities referred to in clause (i) of the proviso below relating to Funded Debt that were amortized or accrued in a previous period; less

(3) cash interest income for such period;

provided, the following shall in all cases be excluded from Consolidated Interest Expense:

(a) any one-time cash costs associated with breakage in respect of Hedging Obligations to the extent such costs would be otherwise included in Consolidated Interest Expense;

(b) all non-recurring cash interest expense consisting of liquidated damages for failure to timely comply with registration rights obligations, all as calculated on a consolidated basis in accordance with GAAP;

(c) any "additional interest" owing pursuant to a registration rights agreement;

(d) non-cash interest expense attributable to a Parent Entity resulting from push-down accounting, but solely to the extent not reducing consolidated cash interest expense in any prior period;

(e) any non-cash expensing of bridge, commitment, and other financing fees that have been previously paid in cash, but solely to the extent not reducing consolidated cash interest expense in any prior period;

(f) deferred financing costs, debt issuance costs, commissions, fees (including amendment and contract fees) and expenses and, in each case, the amortization and write-off thereof, and any amounts of non-cash interest;

(g) annual agency fees paid to any administrative agent or collateral agent under any credit facilities or other debt instruments or documents;

(h) costs associated with obtaining Hedging Obligations;

(i) the accretion or accrual of discounted liabilities;

(j) non-cash interest expense attributable to the movement of the mark-to-market valuation of obligations under Hedging Obligations or other derivative instruments pursuant to FASB Accounting Standards Codification 815;

(k) any non-cash expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or, if applicable, purchase accounting in connection with the Previous Transactions or any acquisition;

(l) commissions, discounts, yield, and other fees and charges (including any interest expense) related to any Receivables Facility or any Securitization Facility;

(m) any prepayment premium or penalty; and

(n) any lease, rental or other expense in connection with a Non-Finance Lease Obligation.

For purposes of this definition, interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided* that, without duplication:

(1) any after-tax effect of (a) extraordinary, non-recurring, or unusual gains or losses (less all fees and expenses relating thereto), charges or expenses (including relating to the Previous Transactions), (b) Transaction Expenses, (c) severance, recruiting, retention and relocation costs, (d) signing bonuses and related expenses, (e) curtailments or modifications to pension and post-employment employee benefits plans, (f) start-up, transition, strategic initiative (including any multi-year strategic initiative) and integration costs, charges or expenses, (g) restructuring costs, charges, reserves or expenses, (h) costs, charges and expenses related to acquisitions and to the start-up, pre-opening, opening, closure, and/or consolidation of distribution centers, operations, offices and facilities, (i) business optimization costs, charges or expenses, (j) costs, charges and expenses incurred in connection with new product design, development and introductions, (k) costs and expenses incurred in connection with intellectual property development and new systems design, (l) costs and expenses incurred in connection with implementation, replacement, development or upgrade of operational, reporting and information technology systems and technology initiatives, (m) any costs, expenses or charges relating to any governmental investigation or any litigation or other dispute and (n) one-time compensation charges, in each case under this clause (1), shall be excluded;

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period;

(3) any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed, or discontinued operations shall be excluded;

(4) any after-tax effect of gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions or abandonments other than in the ordinary course of business, as determined in good faith by the Board of Directors (or analogous governing body) of the Issuer, shall be excluded;

(5) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided* that, unless already included, Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or Cash Equivalents (or to the extent converted into cash or Cash Equivalents of the Issuer or any of its Restricted Subsidiaries) to the Issuer or a Restricted Subsidiary thereof in respect of such period;

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of

determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its equityholders, unless such restriction with respect to the payment of dividends or similar distributions (a) has been legally waived or otherwise released, (b) is imposed pursuant to the Indenture, the Existing Notes Indenture, the Credit Agreement, or any other Credit Facility, or (c) arises pursuant to an agreement or instrument if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Indenture (as determined by the Issuer in good faith); *provided* that Consolidated Net Income of the referent Person will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) or Cash Equivalents to such Person or a Restricted Subsidiary in respect of such period, to the extent not already included therein;

(7) effects of adjustments (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries) in any line item in such Person's consolidated financial statements required or permitted by Financial Accounting Standards Codification No. 805 — Business Combinations and No. 350 — Intangibles-Goodwill and Other (ASC 805 and ASC 350) (formerly Financial Accounting Standards Board Statement Nos. 141 and 142, respectively) resulting from the application of purchase accounting, including in relation to the Previous Transactions and any acquisition or investment that is consummated prior to or after the Issue Date or the amortization or write-off of any amounts thereof, in either case net of taxes, shall be excluded;

(8) (a) any after-tax effect of any income (loss) from the early extinguishment or conversion of Indebtedness or Hedging Obligations or other derivative instruments (including deferred financing costs written off and premiums paid), (b) any non-cash income (or loss) related to currency gains or losses related to Indebtedness, intercompany balances, and other balance sheet items and any net gain or loss resulting in such period from Hedging Obligations pursuant to Financial Accounting Standards Codification Topic No. 815 — Derivatives and Hedging (ASC 815) (or any successor provision) and its related pronouncements and interpretations, or the equivalent accounting standard under GAAP or an alternative basis of accounting applied in lieu of GAAP, and (c) any non-cash expense, income, or loss attributable to the movement in mark to market valuation of foreign currencies, Indebtedness, or derivative instruments pursuant to GAAP, shall be excluded;

(9) any impairment charge or asset write-off or write-down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation or in connection with any disposition of assets, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded;

(10) (a) any non-cash compensation expense recorded from grants of equity appreciation or similar rights, phantom equity, equity options units, restricted equity, or other rights to officers, directors, managers, or employees, (b) non-cash income (loss) attributable to deferred compensation plans or trusts and (c) any non-cash compensation expense resulting from the application of Accounting Standards Codification Topic No. 718, Compensation — Stock Compensation or Accounting Standards Codification Topic No. 505-50, Equity-Based Payments to Non-Employees, in each case shall be excluded;

(11) any fees, charges, losses, costs and expenses incurred during such period, or any amortization thereof for such period, in connection with or related to any acquisition (including any Permitted Acquisition), Restricted Payment, Investment, recapitalization, asset sale, issuance, incurrence, registration or repayment or modification of Indebtedness, issuance or offering of Capital Stock, refinancing transaction or amendment, modification or waiver in respect of the documentation relating to any such

transaction (in the case of each such transaction described in this clause (11), including any such transaction consummated prior to the Issue Date, the Previous Transactions and any such transaction undertaken but not completed and including, for the avoidance of doubt, (1) the effects of expensing all transaction-related expenses in accordance with Accounting Standards Codification Topic No. 805 — Business Combinations, (2) such fees, expenses, or charges related to the Incurrence of the Notes under the Indenture, the Existing Notes under the Existing Notes Indenture, the loans under the Credit Agreement and all Transaction Expenses related thereto, (3) such fees, expenses, or charges related to the entering into or offering of the Notes under the Indenture, the Existing Notes under the Existing Notes Indenture, the loans under the Credit Agreement and any other credit facilities or debt issuances or the entering into of any agreement in connection with Hedging Obligations, and (4) any amendment, modification or waiver in respect of the Notes, the Indenture, the Existing Notes, the Existing Notes Indenture, the Credit Agreement or the loans thereunder, or any other Indebtedness) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction shall be excluded;

(12) (a) accruals and reserves (including contingent liabilities) that are (x) established or adjusted within 12 months after the Existing Notes Escrow Release Date that are so required to be established as a result of the Previous Transactions or (y) established or adjusted within 12 months after the closing of any Permitted Acquisition or any other acquisition (other than any such other acquisition in the ordinary course of business) that are so required to be established or adjusted as a result of such Permitted Acquisition or such other acquisition, in each case, in accordance with GAAP, or (b) charges, accruals, expenses and reserves as a result of adoption or modification of accounting policies, shall be excluded;

(13) to the extent covered by insurance or indemnification and actually reimbursed, or, so long as, in the case of reimbursements or indemnifications not yet received, the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses, charges and expenses shall be excluded;

(14) any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Previous Transactions, or the release of any valuation allowance related to such items, shall be excluded;

(15) gains and losses due solely to fluctuations in currency values and the related tax effects determined in accordance with GAAP for such period shall be excluded;

(16) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of Statement of Financial Accounting Standards Nos. 87, 106 and 112, and any other items of a similar nature, shall be excluded;

(17) any non-cash adjustments resulting from the application of Accounting Standards Codification Topic No. 460, Guarantees, or any comparable regulation, shall be excluded; and

(18) earn-out obligations and other contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise (and including deferred performance incentives in connection with Permitted Acquisitions whether or not a service component is required from the transferor or its related party)) and adjustments thereof and purchase price adjustments, shall be excluded.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries in any period, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance.

Unless otherwise stated or context clearly dictates otherwise, references to Consolidated Net Income shall refer to the Consolidated Net Income of the Issuer.

"*Consolidated Secured Indebtedness*" means Consolidated Total Indebtedness as of such date that is secured by a Lien on any collateral securing the Credit Facility.

"*Consolidated Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Secured Indebtedness of the Issuer and the Restricted Subsidiaries, minus cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries to the extent not designated as restricted on the consolidated balance sheet of the Issuer and the Restricted Subsidiaries to (y) the aggregate amount of Consolidated EBITDA for the most recently ended Test Period, in each case, with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Consolidated Coverage Ratio."

"*Consolidated Total Indebtedness*" means, as at any date of determination, an amount equal to the aggregate principal amount of all outstanding Indebtedness of the Issuer and the Restricted Subsidiaries that would be reflected on a consolidated balance sheet (but excluding the notes thereto) prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with the Previous Transactions or any Permitted Acquisition or any other acquisition permitted under the Indenture) consisting only of Indebtedness for borrowed money, Finance Lease Obligations and purchase money debt, and, without duplication, all Guarantees of any Indebtedness of such type that is owed to a Person that is not the Issuer or a Restricted Subsidiary (and excluding, for the avoidance of doubt, Hedging Obligations); *provided* that Consolidated Total Indebtedness shall not include letters of credit, bank guarantees or similar instruments, except, solely with respect to any standby letter of credit, to the extent of unreimbursed obligations in respect of any such drawn standby letter of credit (*provided* that any unreimbursed obligations in respect of any such drawn standby letter of credit shall not be included as Consolidated Total Indebtedness until three Business Days after such amount is drawn).

"*Consolidated Total Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Total Indebtedness, minus cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries to the extent not designated as restricted on the consolidated balance sheet of the Issuer and the Restricted Subsidiaries to (y) the aggregate amount of Consolidated EBITDA for the most recently ended Test Period, in each case, with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Consolidated Coverage Ratio."

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

    (a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Agreement*" means, as applicable, any of (i) the Credit Agreement, dated as of August 31, 2017, by and among Holdings, the Issuer, the guarantors party thereto, Jefferies Finance LLC, as the administrative agent, the collateral agent, issuing bank and a lender ("*Jefferies*"), and each lender from time to time party thereto, together with the related documents thereto (including the term loans and revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and other collateral documents), as amended, restated, amended and restated, supplemented or otherwise modified or renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions, whether with the original administrative agent and lenders or other agents and lenders or otherwise, and whether provided under the original credit agreement or one or more other credit agreements, indentures, financing agreements or otherwise, including any agreement extending the maturity thereof, otherwise restructuring all or any portion of the Indebtedness thereunder, increasing the amount loaned or issued thereunder, altering the maturity thereof or providing for revolving credit loans, term loans, letters of credit or other Indebtedness) from time to time and (ii) any one or more agreements (and related documents) governing Indebtedness, including credit agreements, indentures, financing agreements or otherwise, incurred to refinance, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder) in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under the Credit Agreement or one or more successors to the Credit Agreement or one or more new credit agreements, indentures, financing agreements or otherwise, in each case, under clauses (i) and (ii), unless such agreement, instrument or document expressly provides that it is not intended to be and is not a Credit Agreement.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more of (i) any facility under the Credit Agreement and (ii) any other facilities, indentures or other arrangements (including commercial paper facilities and overdraft facilities), in each case, with one or more banks, other financial institutions, lenders or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or the creation of any Liens in respect of such receivable in favor of such institutions), letters of credit or other Indebtedness, in each case, as amended, restated, amended and restated, supplemented or otherwise modified or renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original credit agreement or one or more other credit agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes, any letters of credit and reimbursement obligations related thereto, any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preferred Stock*" means Preferred Stock of the Issuer or a Parent Entity (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preferred Stock" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the net cash proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely for Qualified Stock), other than as a result of a change of control, asset sale, or similar event, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely for Qualified Stock), other than as a result of a change of control, asset sale, or similar event, in whole or in part, in each case, prior to the Stated Maturity of the Notes; *provided* that if such Capital Stock is issued to any plan for the benefit of any employee, director, manager or consultant of the Issuer (or any direct or indirect parent thereof) or its Subsidiaries or by any such plan to such employee, director, manager or consultant, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of the termination, death or disability of such employee, director, manager or consultant.

"*Dollars*" or "$" means the lawful money of the United States.

"*Domestic Subsidiary*" means, with respect to any Person, any Restricted Subsidiary of such Person other than a Foreign Subsidiary.

"*DTC*" means The Depository Trust Company or any successor securities clearing agency.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock, Designated Preferred Stock or Capital Stock issued to any Subsidiary of the Issuer) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) a sale of Capital Stock or other securities by a Parent Entity (other than Disqualified Stock, Designated Preferred Stock or Capital Stock issued to the Issuer or any Subsidiary of the Issuer), the proceeds of which

are contributed to the equity (other than through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Euro*" means the single currency of Participating Member States.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means net cash proceeds, the fair market value of marketable securities or property or assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business, in each case, received by the Issuer as capital contributions to the common equity of the Issuer after the Issue Date or from the issuance or sale (other than to a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or to any management equity plan or equity option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*Existing Notes*" means the Issuer's existing $370,000,000 of 6.750% Senior Notes due 2025 issued under the Existing Notes Indenture.

"*Existing Notes Escrow Release Date*" means August 31, 2017.

"*Existing Notes Indenture*" means that certain Indenture, dated as of August 31, 2017, by and among the Issuer (as successor in interest to SP Finco, LLC), the Guarantors (as defined therein) party thereto from time to time and Wilmington Trust, National Association, a national banking association, as trustee, together with the related documents thereto (including any note guarantees), as amended, restated, amended and restated, supplemented or otherwise modified or renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions, whether with the original trustee and holders or other trustee and holders or otherwise, and whether provided under the original indenture or one or more other indentures, supplemental indentures or otherwise, including any agreement extending the maturity thereof, otherwise restructuring all or any portion of the Indebtedness thereunder, increasing the amount issued thereunder or altering the maturity thereof or providing for other Indebtedness) from time to time.

"*fair market value*" means with respect to any asset or group of assets on any date of determination, the value of the consideration obtainable in a sale of such asset at such date of determination assuming a sale by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as determined in good faith by the Issuer.

"*Finance Lease*" means, as applied to any Person, any lease of any property (whether real, personal, or mixed) by that Person as lessee that, in conformity with GAAP, is, or is required to be, accounted for as a finance lease on the balance sheet of that Person.

"*Finance Lease Obligations*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Finance Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; *provided* that Finance Lease Obligations shall, for the avoidance of doubt, exclude all Non-Finance Lease Obligations.

"*Foreign Subsidiary*" means, with respect to any Person, (i) any Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia, and any Subsidiary of such Subsidiary, (ii) any Domestic Subsidiary of the Issuer that has no material assets other than (x) the equity interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes) in one or more Foreign Subsidiaries that are CFCs or

Indebtedness issued by one or more Foreign Subsidiaries that are CFCs and (y) cash and Cash Equivalents and other assets being held on a temporary basis incidental to the holding of assets described in clause (x) of this definition and (iii) any Domestic Subsidiary that is a direct or indirect subsidiary of a CFC.

"*Funded Debt*" means all Indebtedness of the Issuer and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the sole option of the Issuer or any Restricted Subsidiary, to a date more than one year from the date of its creation or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date (including all amounts of such Funded Debt required to be paid or prepaid within one year from the date of its creation).

"*GAAP*" means generally accepted accounting principles in the United States, as in effect from time to time; *provided*, *however*, that all ratios, computations and other determinations based on GAAP contained in the Indenture shall be computed in accordance with GAAP as in effect on the Issue Date. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of GAAP, IFRS and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect from time to time; *provided* that (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of IFRS as in effect from time to time, and (2) from and after such election, all ratios, computations, and other determinations based on GAAP contained in the Indenture shall still be required to be computed in conformity with GAAP as in effect on the Issue Date. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person; *provided, however*, that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided further* that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes, until such Note Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such person under (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any

related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the registrar's books, which shall initially be the respective nominee of DTC.

"*Holdings*" means SP Holdco I, Inc., a Delaware corporation, or any successor thereto.

"*IFRS*" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board and/or the European Union, as in effect from time to time.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for Indebtedness, Disqualified Stock or, in the case of any Restricted Subsidiary, Preferred Stock; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except reimbursement obligations under trade or commercial letters of credit);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Finance Lease Obligations of such Person;

(6) [reserved];

(7) the principal component of all Indebtedness of other Persons for borrowed money secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination and (b) the unpaid amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons, other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement);

solely (other than in the case of clauses (7), (8) and (9) above) if and to the extent any of the foregoing (other than letters of credit) would appear as a net liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided*, *however*, that Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under GAAP shall be excluded.

The term "Indebtedness" shall not include any prepayments or deposits received from clients or customers in the ordinary course of business or consistent with past practice, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice.

For all purposes hereof, the Indebtedness of any Person shall (A) with respect to any non-Wholly-Owned Subsidiary (including guarantee obligations in respect of obligations of a non-Wholly-Owned Subsidiary), exclude such portion of the Indebtedness (or guarantee obligations in respect of obligations) of such non-Wholly-Owned Subsidiary that corresponds to the equity interest share of third parties in such non-Wholly-Owned Subsidiary, (B) in the case of the Issuer and the Restricted Subsidiaries, exclude all intercompany Indebtedness having a term not exceeding 365 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (C) exclude all reimbursement obligations under trade or commercial letters of credit.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice;

(ii) Cash Management Services;

(iii) obligations under or in respect of Receivables Facilities and Securitization Facilities;

(iv) prepaid or deferred revenue arising in the ordinary course of business;

(v) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy warranties or other unperformed obligations of the seller of such asset;

(vi) trade accounts and accrued expenses payable in the ordinary course of business and accruals for payroll and other liabilities accrued in the ordinary course of business;

(vii) any earn-out obligation until such obligation, within 60 days of becoming due and payable, has not been paid and such obligation is reflected as a liability on the balance sheet of such Person in accordance with GAAP;

(viii) for the avoidance of doubt, customary obligations under employment agreements and deferred compensation and any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(ix) amounts owed to dissenting stockholders in connection with, or as a result of, their exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)

with respect thereto (including any accrued interest), with respect to the Previous Transactions or any other Investment permitted by the Indenture; or

(x) Non-Finance Lease Obligations.

"*Independent Financial Advisor*" means an accounting firm, appraisal firm, investment banking firm or consultant of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged and that is disinterested with respect to the applicable transaction.

"*Initial Public Offering*" means the initial public offering of 14,285,000 shares of Parent pursuant to the prospectus dated September 30, 2015.

"*Intercompany License Agreement*" means any cost sharing agreement, commission or royalty agreement, license or sub-license agreement, distribution agreement, services agreement, intellectual property rights transfer agreement or any related agreements, in each case where all the parties to such agreement are the Issuer or a Restricted Subsidiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances, or capital contributions (excluding accounts receivable, credit card and debit card receivables, trade credit, advances to customers, commission, travel, and similar advances to officers, directors, managers and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Capital Stock, or other securities issued by any other Person, or the purchase or other acquisition, in one transaction or a series of related transactions, of all or substantially all of the assets of another Person or assets constituting a business unit, line of business or division of such Person; *provided* that Investments shall not include, in the case of the Issuer and the Restricted Subsidiaries, intercompany loans, advances, or Indebtedness made to or owing by the Issuer or a Restricted Subsidiary having a term not exceeding 365 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business; *provided*, *further*, that, in the event that any Investment is made by the Issuer or any Restricted Subsidiary in any Person through substantially concurrent interim transfers of any amount through the Issuer or any Restricted Subsidiaries, then such other substantially concurrent interim transfers shall be disregarded for purposes of "— *Certain Covenants — Limitation on Restricted Payments*."

For purposes of "— *Certain Covenants — Limitation on Restricted Payments*" and "— *Designation of Restricted and Unrestricted Subsidiaries*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment, or other amount received by the Issuer or a Restricted Subsidiary in respect of such Investment in an aggregate amount not to exceed the original cost of such Investment (*provided* that, with respect to amounts received other than

in the form of cash or Cash Equivalents, such amount shall be equal to the fair market value of such consideration).

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A−" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests all or substantially all of its assets in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) corresponding instruments in countries other than the United States customarily utilized for high-quality investments.

"*Investment Grade Status*" shall occur when the Notes receive each of the following:

(1) a rating of "BBB−" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*Issue Date*" means , 2019.

"*Lien*" means, with respect to any asset, any mortgage, pledge, security interest, encumbrance, lien or charge of any kind in respect of such asset, including any conditional sale or other title retention agreement, and any lease in the nature thereof; *provided* that in no event shall an operating lease (or other lease in respect of a Non-Finance Lease Obligation) or a license to use intellectual property be deemed to constitute a Lien.

"*Limited Condition Transaction*" means (i) any Permitted Acquisition or other permitted Investment whose consummation is not conditioned on the availability of, or on obtaining, third party financing and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

"*Management Advances*" means loans and advances made to, or Guarantees with respect to Indebtedness of, directors, officers, employees, managers or consultants of any Parent Entity, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or consistent with past practice, (b) in respect of payroll advances, or (c) for purposes of funding any such person's purchase of Capital Stock (or similar obligations) of the Issuer, its Subsidiaries or any Parent Entity, and promissory notes received from equityholders of the Issuer, its

Subsidiaries or any Parent Entity in connection with the exercise of stock or other options in respect of the Capital Stock of the Issuer, its Subsidiaries or any Parent Entity;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding the greater of (x) $18.0 million and (y) 6.0% of Consolidated EBITDA as of the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of such loan, advance or Guarantee.

"*Management Equityholders*" means any of (i) any current or former director, officer, employee or member of management of the Issuer or any of its Subsidiaries or any Parent Entity who, on the Issue Date, is an equityholder in the Issuer or any Parent Entity, (ii) any trust, partnership, limited liability company, corporate body or other entity established by any such director, officer, employee or member of management of the Issuer or any of its Subsidiaries or any Parent Entity or any Person described in the succeeding clauses (iii) and (iv), as applicable, to hold an investment in the Issuer or any Parent Entity in connection with such Person's estate or tax planning, (iii) any spouse, parents or grandparents of any such director, officer, employee or member of management of the Issuer or any of its Subsidiaries or any Parent Entity, and any and all descendants (including adopted children and step-children) of the foregoing, together with any spouse of any of the foregoing Persons, who are transferred an investment in the Issuer or any Parent Entity by any such director, officer, employee or member of management of the Issuer or any of its Subsidiaries or any Parent Entity in connection with such Person's estate or tax planning and (iv) any Person who acquires an investment in the Issuer or any Parent Entity by will or by the laws of intestate succession as a result of the death of any such director, officer, employee or member of management of the Issuer or any of its Subsidiaries or any Parent Entity.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"*Net Available Cash*" from an Asset Disposition means (i) the gross cash proceeds (including payments from time to time in respect of installment obligations, if applicable, but only as and when received) received by or on behalf of the Issuer or any of the Restricted Subsidiaries in respect of such Asset Disposition, less (ii) the sum of:

(a) the amount, if any, of all taxes (including, in each case, in connection with any repatriation of funds) paid or estimated to be payable by the Issuer or any of the Restricted Subsidiaries in connection with such Asset Disposition;

(b) the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (a) above) (1) associated with the assets that are the subject of such Asset Disposition and (2) retained by the Issuer or any of the Restricted Subsidiaries; *provided* that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Available Cash of such an Asset Disposition occurring on the date of such reduction;

(c) the amount of any Indebtedness (other than under the Credit Agreement) secured by a Lien on the assets that are the subject of such Net Available Cash to the extent that the instrument creating or evidencing such Indebtedness requires that such Indebtedness be repaid upon consummation of such Asset Disposition;

(d) the amount of any proceeds of such Asset Disposition that the Issuer or any Restricted Subsidiary has reinvested or committed to reinvest in accordance with "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock";

(e) in the case of any Asset Disposition by a non-Wholly-Owned Restricted Subsidiary, the pro rata portion of the Net Available Cash thereof (calculated without regard to this clause (e)) attributable to minority interests and not available for distribution to or for the account of the Issuer or a Wholly-Owned Restricted Subsidiary as a result thereof;

(f) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such sale or disposition; *provided* that the amount of any subsequent reduction of such escrow (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Available Cash from such Asset Disposition occurring on the date of such reduction solely to the extent that the Issuer and/or any Restricted Subsidiaries receives cash in an amount equal to the amount of such reduction; and

(g) all fees and out of pocket expenses paid or incurred by the Issuer or a Restricted Subsidiary in connection with any of the foregoing or as a consequence of such Asset Disposition,

in each case, only to the extent not already deducted in arriving at the amount referred to in clause (i) above.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"*Non-Finance Lease Obligation*" means a lease obligation that is not required to be accounted for as a finance lease on both the balance sheet and the income statement for financial reporting purposes in accordance with GAAP. For the avoidance of doubt, a straight-line or operating lease shall be considered a Non-Finance Lease Obligation.

"*Non-Guarantor*" means any Restricted Subsidiary that is not a Guarantor.

"*Note Documents*" means the Notes (including Additional Notes), the Note Guarantees and the Indenture.

"*Obligations*" means any principal, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest is allowed in such proceedings), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, (1) Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, the Controller or the Secretary of such Person, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably satisfactory to the Trustee. The legal counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means Surgery Partners, Inc., a Delaware corporation.

"*Parent Entity*" means any direct or indirect parent of the Issuer.

"*Parent Entity Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent Entity in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder and listing fees and other costs and expenses of any Parent Entity attributable to being a public company which are reasonable and customary;

(2) customary salary, bonus, severance (including, in each case, payroll, social security and similar taxes in respect thereof) and other benefits payable to, and indemnities provided on behalf of, directors, officers, employees, consultants, managers or other Persons to the extent such salaries, bonuses, and other benefits are attributable to the ownership or operation of the Issuer and the Restricted Subsidiaries, including the Issuer's and the Restricted Subsidiaries' proportionate share of such amount relating to such Parent Entity being a public company;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) general corporate, administrative, compliance or other operating (including expenses related to auditing or other accounting matters) and overhead costs and expenses of any Parent Entity to the extent such costs and expenses are attributable to the ownership or operation of the Issuer and the Restricted Subsidiaries, including the Issuer's and the Restricted Subsidiaries' proportionate share of such amount relating to such Parent Entity being a public company;

(5) amounts required for such Parent Entity to pay fees and expenses incurred by such Parent Entity related to (i) the maintenance by such Parent Entity of its corporate or other entity existence and (ii) transactions of such Parent Entity of the type described in clause (11) of the definition of "Consolidated Net Income";

(6) cash payments in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Issuer or any Parent Entity;

(7) repurchases deemed to occur upon the cashless exercise of stock or other equity options;

(8) amounts to finance Permitted Acquisitions and other Investments or other acquisitions otherwise permitted to be made pursuant the covenant described under "— Limitation on Restricted Payments" if made by the Issuer or a Restricted Subsidiary; *provided*, that (i) such Restricted Payment shall be made substantially concurrently with the closing of such Investment or other acquisition, (ii) such Parent Entity shall, promptly following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the Issuer or a Restricted Subsidiary or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Issuer or a Restricted Subsidiary (in a manner not prohibited by the covenant described under "— Merger and Consolidation") in order to consummate such Investment or other acquisition, (iii) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance herewith, (iv) any property received in connection with such transaction shall not constitute an Excluded Contribution or increase amounts available for Restricted Payments pursuant to clause (c)(iii) of the covenant described in the section entitled "— Certain Covenants — Limitation on Restricted Payments" and (v) to the extent constituting an Investment, such Investment shall be deemed to be made by the Issuer or such

Restricted Subsidiary pursuant to another provision of the covenant described in the section entitled "— Certain Covenants — Limitation on Restricted Payments" or pursuant to the definition of "Permitted Investment";

(9) AHYDO Payments with respect to Indebtedness of any Parent Entity; and

(10) expenses Incurred by any Parent Entity in connection with any public offering or other sale of Capital Stock or Indebtedness:

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary,

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer which ranks equally in right of payment to the Notes or of any Guarantor if such Indebtedness ranks equally in right of payment to the Guarantees of the Notes.

"*Participating Member States*" means the participating member states of the economic and monetary union as contemplated in the Treaty on European Union.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Acquisitions*" has the meaning provided in clause (2) of the definition of "Permitted Investment."

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash and Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock."

"*Permitted Business*" means (a) any businesses, services or activities engaged in or proposed to be engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date and (b) any businesses, services and activities that are related, complementary, synergistic, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Holder*" means any of (i) any Sponsor and the Management Equityholders and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Sponsor, the Sponsor's Affiliates and the Management Equityholders, collectively, have beneficial ownership of more than 50% of the aggregate ordinary voting power of the outstanding Voting Stock of the Issuer or any Parent Entity; (ii) any Parent Entity not formed in connection with, or in contemplation of, a transaction (other than the Previous Transactions) that, assuming such parent was not formed, after giving effect thereto would constitute a Change of Control; and (iii) any Person who is acting solely as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity of the Issuer, acting in such capacity. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a

Change of Control Offer is made in accordance with the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries unless specified otherwise):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) any Investment, in a single transaction or series of related transactions, by the Issuer or any Restricted Subsidiary in a Person that is engaged in a Similar Business if as a result of such Investment under this clause (2) (each, a "*Permitted Acquisition*") either (x) such Person becomes a Restricted Subsidiary or (y) such Person, in one transaction or a series of related transactions, is merged, consolidated, or amalgamated with or into, or transfers or conveys all or substantially all of its assets, or transfers or conveys assets constituting a business unit, line of business or division of such Person, to, or is liquidated into, the Issuer or a Restricted Subsidiary, and, in each case, any Investment held by such Person; *provided*, that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation, amalgamation or transfer;

(3) Investments in cash, Cash Equivalents or Investment Grade Securities at the time such Investment is made;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) any Investment acquired by the Issuer or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization, or recapitalization of, or settlement of delinquent accounts or disputes with or judgments against, the issuer, obligor or borrower of such original Investment or accounts receivable, (b) as a result of a foreclosure by the Issuer or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default or (c) as a result of the settlement, compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates;

(8) any Investment in securities or other assets not constituting cash, Cash Equivalents, or Investment Grade Securities and received in connection with an Asset Disposition made pursuant to "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*" or any other disposition of assets not constituting an Asset Disposition;

(9) Investments existing or pursuant to agreements or arrangements in effect on the Issue Date and any modification, replacement, renewal, refinancing, reinvestment or extension thereof; *provided* that the amount of any such Investment may not be increased except as required by the terms of such Investment as in existence on the Issue Date (including in respect of any unused commitment), *plus* any accrued but unpaid interest (including any portion thereof which is payable in kind in accordance with the terms of such modified, extended, renewed, refinanced or replaced Investment) and premium payable by the terms of such Investment thereon and fees and expenses associated therewith as in existence on the Issue Date;

(10) Hedging Obligations, Cash Management Services and Bank Products, which transactions or obligations are Incurred in compliance with "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*";

(11) pledges or deposits required under any contractual requirement or by government authority or public utility, or Investments resulting from, or constituting, Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "— *Certain Covenants — Limitation on Liens*," including in each case with respect to Taxes or other similar charges;

(12) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Capital Stock of any Parent Entity as consideration;

(13) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (4), (9) or (14) of the second paragraph thereof);

(14) Investments consisting of purchases and acquisitions of inventory, supplies, materials, equipment, licenses or leases of intellectual property or other assets, or of services, in any case, in the ordinary course of business and in accordance with the Indenture;

(15) (i) Guarantees of Indebtedness permitted by the covenant described under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business, and (ii) Guarantees by the Issuer or any of its Restricted Subsidiaries of leases (other than Finance Leases) or of other obligations of the Issuer or any Restricted Subsidiary that do not constitute Indebtedness to the extent entered into in the ordinary course of business or consistent with past practice;

(16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;

(17) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged into the Issuer or merged into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(18) Investments consisting of licensing, creation or contribution of intellectual property in the ordinary course of business, including in connection with Intercompany License Agreements;

(19) Investments in deposit accounts and securities accounts opened in the ordinary course of business;

(20) [reserved];

(21) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (21) that are at that time outstanding, not to exceed the greater of (a) $112.5 million and (b) 36.50% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided* that if such Investment is in Capital Stock of a Person that subsequently becomes a Restricted Subsidiary, such Investment shall thereafter be deemed permitted under clause (1)(a) above and shall not be included as having been made pursuant to this clause (21);

(22) (i) any Investment in a Receivables Subsidiary or a Securitization Subsidiary in order to effectuate a Receivables Facility or a Qualified Securitization Financing, respectively, or any Investment by a Receivables Subsidiary or a Securitization Subsidiary in any other Person in connection with a Receivables Facility or a Qualified Securitization Financing, respectively; *provided, however*, that any such Investment in a Receivables Subsidiary or a Securitization Subsidiary is in the form of a contribution of additional Receivables Assets or Securitization Assets, as applicable, or as equity, and (ii) distributions or payments of Receivables Fees or Securitization Fees and purchases of Receivables Assets or Securitization Assets pursuant to a securitization repurchase obligation in connection with a Receivables Facility or a Qualified Securitization Financing, respectively;

(23) Investments made to effect, or otherwise made in connection with, the Previous Transactions or any non-cash Investments made in connection with Permitted Reorganizations;

(24) Investments consisting of extensions of trade credit in the ordinary course of business;

(25) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers consistent with past practices;

(26) any Investment made by any Non-Guarantor to the extent that such Investment is financed with the proceeds received by such Non-Guarantor from an Investment in such Non-Guarantor permitted under the Indenture;

(27) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business;

(28) Investments in Unrestricted Subsidiaries and joint ventures having an aggregate fair market value, taken together with all other Permitted Investments made pursuant to this clause (28) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of, or have not been subsequently sold or transferred for, Cash Equivalents or marketable securities, not to exceed the greater of (a) $150.0 million and (b) 50.0% of Consolidated EBITDA of the Issuer for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided, however*, if any Investment pursuant to this clause (28) is made in any Person that is an Unrestricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment will thereafter be deemed to have been made pursuant to clause (1)(a) above and will cease to have been made pursuant to this clause (28) for so long as such Person continues to be a Restricted Subsidiary;

(29) any additional Investments; *provided* that after giving Pro Forma Effect to such Investments, (x) no Default shall have occurred and be continuing (or would result immediately thereafter therefrom) and (y) the Consolidated Total Net Leverage Ratio is equal to or less than 5.00 to 1.00 as of the most recently ended Test Period;

(30) repurchases of the Notes;

(31) repurchases of the Existing Notes; and

(32) payments to any Captive Insurance Subsidiary in an amount equal to (a) the capital required under the applicable laws or regulations of the jurisdiction in which such Captive Insurance Subsidiary is formed or determined by independent actuaries as prudent and necessary capital to operate such

Captive Insurance Subsidiary plus (b) any reasonable general corporate and overhead expenses of such Captive Insurance Subsidiary.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Non-Guarantor securing Indebtedness or other obligations of any Non-Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, payroll taxes, health, disability or unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or deposits made to secure obligations arising from contractual or warranty refunds, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's, construction contractors' or other like Liens, in each case, for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings, or for property taxes on property of the Issuer or any Subsidiary thereof which the Issuer or such Subsidiary has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property; *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(5) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, servitudes, sewers, electric lines, drains, telegraph, telephone lines, cable television lines, gas and oil pipelines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of their properties which do not in the aggregate materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries, and Liens disclosed as exceptions to coverage in the final title policies and endorsements with respect to any mortgaged properties;

(6) Liens (a) on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture, Bank Products or Cash Management Services; (b) that are contractual rights of setoff or, in the case of clause (i) or (ii) below, other Liens (i) relating to treasury, depository and Cash Management Services or any automated clearing house transfers of funds in the ordinary course of business and not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer or any Subsidiary or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary in the ordinary course of business; (c) on cash accounts securing Indebtedness incurred under clause (8)(e) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" with financial institutions; (d) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity

trading accounts or other brokerage accounts incurred in the ordinary course of business, consistent with past practice and not for speculative purposes; and/or (e) (i) of a collection bank arising under Section 4-208 or 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) in favor of a banking institution arising as a matter of law encumbering deposits or other funds maintained with such institution (including the right of setoff) arising in the ordinary course of business in connection with the maintenance of such deposits or other funds or (iii) in favor of a banking institution under customary general terms and conditions encumbering deposits or other funds maintained with such institution (including the right of set off) and attaching only to such deposits or other funds and the products and proceeds thereof, which Liens, in any event, do not to secure any Indebtedness;

(7) leases, franchises, grants, licenses, covenants not to sue, releases, consents, subleases, and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(8) Liens securing judgments, decrees, orders or awards not giving rise to an Event of Default;

(9) Liens (i) on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Finance Lease Obligations, Purchase Money Obligations or Permitted Sale and Leasebacks, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Liens may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property and the proceeds and products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender and (ii) any interest or title of a lessor under any Finance Lease Obligations or operating lease;

(10) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business and other purported Liens (other than Liens securing Indebtedness for borrowed money) evidenced by the filing of precautionary Uniform Commercial Code (or equivalent statute) financing statements or similar public filings;

(11) Liens existing on the Issue Date (and Liens securing any modifications, replacements, renewals, refinancings, or extensions of the Indebtedness or other obligations secured by such Liens), excluding Liens securing the Credit Agreement;

(12) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (any improvements, replacements of such property or assets and additions and accessions thereto, after-acquired property subjected to a Lien securing Indebtedness and other obligations Incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender)

that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(13) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(14) Liens securing Indebtedness or obligations Incurred to refinance Indebtedness or obligations that were previously so secured, and permitted to be secured under the Indenture (other than any Liens referenced in clauses (20) or (29) of this definition), including to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extension, renewal or replacement) as a whole, or in part, of any Indebtedness or obligations secured by a Lien (including any Indebtedness or obligations secured by a Lien referenced in this clause (14) and clauses (11) and (12) of this definition); *provided* that any such Lien is limited to all or part of the same property or assets (any improvements, replacements of such property or assets and additions and accessions thereto, after-acquired property subjected to a Lien securing Indebtedness and other obligations Incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced;

(15) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto, (b) any condemnation or eminent domain proceedings affecting any real property and (c) restrictive covenants affecting the use to which real property may be put; *provided* that the covenants are complied with;

(16) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(17) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(18) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(19) Liens securing Indebtedness permitted to be Incurred pursuant to clause (1) of the second paragraph under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" (including under any Credit Facility and any letter of credit facility relating thereto);

(20) Liens to secure Indebtedness permitted by clause (14) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" in an aggregate principal amount not to exceed the greater of (a) $112.5 million and (b) 36.50% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of the incurrence of such Lien, at any one time outstanding, or Liens to secure Indebtedness of any Non-Guarantor permitted by clause (11) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*" covering only the assets of such Subsidiary;

(21) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(22) customary Liens of an indenture trustee (including the Trustee under the Indenture) on money or property held or collected by it to secure fees, expenses and indemnities owing to it by any obligor under an indenture;

(23) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(24) Liens on equipment of the Issuer or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(25) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(26) Liens arising by operation of law or contract on insurance policies and the proceeds thereof to secure premiums thereunder, and Liens, pledges and deposits in the ordinary course of business securing liability for premiums or reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of) insurance carriers;

(27) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under the Indenture;

(28) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Permitted Investments to be applied against the purchase price for such Investment, and (ii) consisting of an agreement to sell any property in an asset sale permitted (or reasonably expected to be so permitted by the Issuer at the time such Lien was granted) under the covenant described under "— *Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock*," in each case, solely to the extent such Investment or asset sale, as the case may be, would have been permitted on the date of the creation of such Lien;

(29) Liens securing Indebtedness and other obligations in an aggregate principal amount not to exceed the greater of (a) $112.5 million and (b) 36.50% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) at the time of the incurrence of such Lien, at any one time outstanding;

(30) Liens Incurred to secure Obligations in respect of any Indebtedness permitted to be Incurred pursuant to the covenant described under "— *Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock*"; *provided* that, with respect to Liens securing Obligations permitted under this clause (30), at the time of Incurrence and after giving Pro Forma Effect thereto, the Consolidated Secured Net Leverage Ratio would be no greater than 3.90 to 1.00 as of the most recently ended Test Period prior to the date of such Incurrence; *provided* that, for purposes of calculating the Consolidated Secured Net Leverage Ratio under this clause (30) for purposes of determining whether such Liens can be Incurred, any cash proceeds of any new Indebtedness then being incurred shall not be netted from the numerator in the Consolidated Secured Net Leverage Ratio;

(31) Liens on (i) Securitization Assets arising in connection with a Qualified Securitization Financing or (ii) Receivables Assets arising in connection with a Receivables Facility;

(32) Liens securing (i) any Obligations in respect of the Notes and any Guarantees thereof, (ii) securing Indebtedness subordinated to the Notes or any Note Guarantee so long as the Notes and Note Guarantees are secured by a Lien on the same assets that is senior in priority to such Lien, (iii) the Existing Notes and any Guarantees thereof so long as the Notes and any Note Guarantees are equally

and ratably secured and (iv) any other Obligations so long as the Notes and any Note Guarantees are equally and ratably secured;

(33) Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest (and special redemptions of principal) on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(34) Liens arising in connection with any Permitted Reorganization or any Intercompany License Agreements;

(35) [reserved];

(36) Liens deemed to exist in connection with Investments in repurchase agreements permitted under the Indenture; *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(37) rights reserved or vested in any Person by the terms of any lease, license, franchise, grant, or permit held by the Issuer or any of the Restricted Subsidiaries or by a statutory provision, to terminate any such lease, license, franchise, grant, or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(38) [reserved];

(39) [reserved];

(40) Liens or rights of set-off against credit balances of the Issuer or any of the Restricted Subsidiaries with credit card issuers or credit card processors or amounts owing by such credit card issuers or credit card processors to the Issuer or any Restricted Subsidiaries in the ordinary course of business to secure the obligations of any Subsidiary to the credit card issuers or credit card processors as a result of fees and charges;

(41) Liens on cash and Cash Equivalents that are earmarked to be used to satisfy or discharge Indebtedness; *provided* that (a) such cash and/or Cash Equivalents are deposited into an account from which payment is to be made, directly or indirectly, to the Person or Persons holding the Indebtedness that is to be satisfied or discharged, (b) such Liens extend solely to the account in which such cash and/or Cash Equivalents are deposited and are solely in favor of the Person or Persons holding the Indebtedness (or any agent or trustee for such Person or Persons) that is to be satisfied or discharged, and (c) the satisfaction or discharge of such Indebtedness is expressly permitted under the Indenture; and

(42) Liens securing Guarantees of any Indebtedness or other obligations otherwise permitted to be secured by a Lien under the Indenture.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest, premiums (if any), fees, expenses and other obligations on such Indebtedness.

Notwithstanding anything to the contrary herein, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a Permitted Lien that does not require compliance with a financial ratio or test (any such amounts, the "*Fixed Amounts*") substantially concurrently with any amounts incurred or transactions entered into (or consummated) in reliance on a Permitted Lien that requires compliance with any financial ratio or test (any such amounts, the "*Incurrence-Based Amounts*"), it is understood and agreed that any Fixed Amount (and any cash proceeds thereof) shall be disregarded in the calculation of the financial ratio or test applicable to the relevant Incurrence-Based Amount in connection with such substantially concurrent incurrence.

"*Permitted Payment Restriction*" means any encumbrance or restriction (each, a "*restriction*") on the ability of any Restricted Subsidiary to pay dividends or make any other distributions on its Capital Stock to the Issuer or a Restricted Subsidiary, which restriction would not materially impair the Issuer's ability to make scheduled payments of cash interest and to make required principal payments on the Notes, as determined (i) at the time of any proposed purchase, redemption or other acquisition, or the sale or other disposition, in each case, by the Issuer or any Restricted Subsidiary from or to Strategic Investors of Capital Stock in such Restricted Subsidiary and (ii) at the time of any proposed incurrence of Indebtedness by such Restricted Subsidiary, in each case, to the extent otherwise permitted under the Indenture, in good faith by a responsible officer of the Issuer (or, by the board of directors of the Issuer if the amount of any such transaction would be greater than $30.0 million), whose determination shall be conclusive.

"*Permitted Reorganization*" means any reorganizations and other activities related to tax planning and tax reorganization, so long as, after giving effect thereto, the enforceability of the Guarantees, taken as a whole, are not materially impaired.

"*Permitted Sale and Leaseback*" means any Sale and Leaseback Transaction with respect to the sale, transfer or disposition of real property or other property consummated by the Issuer or any of its Restricted Subsidiaries after the Issue Date; *provided* that any such Sale and Leaseback Transaction must be consummated for fair market value as determined at the time of consummation in good faith by the Issuer or such Restricted Subsidiary (which such determination may take into account any retained interest or other Investment of the Issuer or such Restricted Subsidiary in connection with, and any other material economic terms of, such Sale and Leaseback Transaction).

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Post-Petition Interest*" means any interest or entitlement to fees or expenses or other charges that accrue after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable as a claim in any such bankruptcy or insolvency proceeding.

"*Pounds Sterling*" means British Pounds Sterling or any successor currency in the United Kingdom.

"*Preferred Stock*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Previous Transactions*" means the "Transactions" as defined in the Existing Notes Indenture.

"*Pro Forma Basis*" and "*Pro Forma Effect*" means, with respect to compliance with any test or covenant or calculation of any ratio hereunder, the determination or calculation of such test, covenant or ratio (including in connection with Specified Transactions) in accordance with the provisions set forth in the definition of "Consolidated Coverage Ratio" and under the caption "— *Limited Condition Transactions*."

"*Public Company Costs*" means costs relating to compliance with the provisions of the Sarbanes-Oxley Act of 2002, the Securities Act and the Exchange Act, as applicable to companies with equity or debt securities held by the public, the rules of national securities exchange companies with listed equity or debt securities, directors' or managers' compensation, fees and expense reimbursement, costs relating to investor relations, shareholder meetings and reports to shareholders or debtholders, directors' and officers' insurance and other executive costs, legal and other professional fees, listing fees and other expenses arising out of or incidental to an entity's status as a reporting company.

"*Purchase Money Obligations*" means any Indebtedness, Disqualified Stock or Preferred Stock Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Restricted Subsidiary*" means any Restricted Subsidiary that satisfies each of the following requirements: (1) except for Permitted Payment Restrictions, there are no consensual restrictions, directly or indirectly, on the ability of such Restricted Subsidiary to pay dividends or make distributions to the holders of its Capital Stock; (2) the Capital Stock of such Restricted Subsidiary consists solely of (A) Capital Stock owned by the Issuer, its Qualified Restricted Subsidiaries and Guarantors, (B) Capital Stock owned by Strategic Investors and (C) directors' qualifying shares; and (3) the primary business of such Restricted Subsidiary is a Permitted Business.

"*Qualified Securitization Financing*" means any Securitization Facility (and any guarantee of such Securitization Facility) of a Securitization Subsidiary that meets the following conditions: (i) the Issuer shall have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and its Restricted Subsidiaries, (ii) all sales of Securitization Assets and related assets by the Issuer or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made at fair market value, (iii) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings, and (iv) the obligations under Securitization Facility are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities (including Standard Securitization Undertakings)) to the Issuer or any Restricted Subsidiary (other than a Securitization Subsidiary). The grant of a security interest in any Securitization Assets of the Issuer or any of its Restricted Subsidiaries (other than a Securitization Subsidiary) to secure Indebtedness under the Credit Agreement prior to engaging in any securitization financing shall not be deemed a Qualified Securitization Financing.

"*Qualified Stock*" of any Person means Capital Stock of such Person other than Disqualified Stock of such Person.

"*Receivables Assets*" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Issuer in connection with a Receivables Facility.

"*Receivables Facility*" means an arrangement between the Issuer or a Restricted Subsidiary and another Person pursuant to which (a) the Issuer or such Restricted Subsidiary, as applicable, sells (directly or indirectly) to such Person accounts receivable owing by customers, together with Receivables Assets related thereto, (b) the obligations of the Issuer or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Issuer and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"*Receivables Fee*" means distributions or payments made directly or by means of discounts with respect to any accounts receivable or participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with, any Receivables Facility.

"*Receivables Subsidiary*" means any Subsidiary formed for the purpose of facilitating or entering into one or more Receivables Facilities that engages only in activities reasonably related or incidental thereto or another Person formed for the purposes of engaging in a Receivables Facility in which any Subsidiary makes an Investment and to which any Subsidiary transfers accounts receivables and related assets.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinanced Notes Issue Date*" means March 31, 2016.

"*Refinancing Indebtedness*" means Indebtedness, Disqualified Stock or Preferred Stock that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness, Disqualified Stock or Preferred Stock existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness, Disqualified Stock or Preferred Stock that refinances Refinancing Indebtedness); *provided, however*, that:

(1) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded, refinanced, replaced, exchanged, renewed, repaid or extended;

(2) such Refinancing Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Indebtedness, Disqualified Stock or Preferred Stock being so refunded, refinanced, replaced, exchanged, renewed, repaid or extended;

(3) Refinancing Indebtedness shall not include:

    (i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor; or

    (ii) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

(4) the aggregate principal amount, accreted value or liquidation preference, as applicable, of such Refinancing Indebtedness shall equal no more than the aggregate outstanding principal amount, accreted value or liquidation preference of the refinanced Indebtedness, Disqualified Stock or Preferred Stock (plus the amount of any unused commitments thereunder), plus accrued interest, fees, expenses, defeasance costs and premium (including call and tender premiums), if any, under the refinanced Indebtedness, Disqualified Stock or Preferred Stock, plus underwriting discounts, fees, commissions and expenses (including original issue discount, upfront fees and similar items) in connection with the refinancing of such Indebtedness, Disqualified Stock or Preferred Stock and the Incurrence of such Refinancing Indebtedness; and

(5) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms no less favorable to the Holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced;

and, *provided, further*, that clauses (1) and (2) of this definition will not apply to any refunding, refinancing, replacement, exchange, renewal, repayment or extension (including pursuant to any defeasance or discharge mechanism) of any Indebtedness other than Indebtedness incurred under clause (4)(a) or (4)(c) of the second paragraph under "— Certain Covenants — Limitation on Indebtedness, Disqualified Stock and Preferred Stock," any Subordinated Indebtedness (other than Subordinated Indebtedness

assumed or acquired in a Permitted Investment or Permitted Acquisition and not created in contemplation thereof), any Disqualified Stock and any Preferred Stock.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Securitization Asset*" means (a) any accounts receivable, real estate asset, mortgage receivables or related assets and the proceeds thereof, in each case, subject to a Securitization Facility and (b) all collateral securing such receivable or asset, all contracts and contract rights, guaranties or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted), together with accounts or assets in a securitization financing and which in the case of clause (a) and (b) above are sold, conveyed, assigned or otherwise transferred or pledged by the Issuer in connection with a Qualified Securitization Financing.

"*Securitization Facility*" means any transaction or series of securitization financings that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer, or may grant a security interest in, Securitization Assets to either (a) a Person that is not a Restricted Subsidiary or (b) a Securitization Subsidiary that in turn sells Securitization Assets to a Person that is not a Restricted Subsidiary, or may grant a security interest in, any Securitization Assets of the Issuer or any of its Subsidiaries.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest therein issued or sold in connection with, and other fees and expenses (including reasonable fees and expenses of legal counsel) paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Securitization Financing.

"*Securitization Repurchase Obligation*" means any obligation of a seller (or any guaranty of such obligation) of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Securitization Subsidiary*" means any Subsidiary of the Issuer, in each case, formed for the purpose of and that solely engages in one or more Qualified Securitization Financings and other activities reasonably related thereto or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers Securitization Assets and related assets.

"*Significant Subsidiary*" means, at any date of determination, (a) any Restricted Subsidiary whose gross revenues for the Test Period most recently ended on or prior to such date were equal to or greater than 10% of the consolidated gross revenues of the Issuer and the Restricted Subsidiaries for such period, determined in accordance with GAAP or (b) each other Restricted Subsidiary that, when such Restricted Subsidiary's total gross revenues are aggregated with each other Restricted Subsidiary that is the subject of an Event of Default described in clause (5) or (6), as applicable, under "— Events of Default" would constitute a "Significant Subsidiary" under clause (a) above.

"*Similar Business*" means (a) any businesses, services or activities engaged in or proposed to be engaged in by the Issuer or any of its Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries that are related, complementary, synergistic, incidental, ancillary or similar to any of the foregoing (including non-core incidental businesses acquired in connection with any Permitted Acquisition or Permitted Investment) or are extensions or developments of any thereof.

"*Specified Transaction*" means any

(a) any Investment that results in a Person becoming a Restricted Subsidiary;

(b) any designation of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary;

(c) any Permitted Acquisition;

(d) any disposition that results in a Restricted Subsidiary ceasing to be a Subsidiary;

(e) any Investment in, acquisition of, or disposition of, assets constituting a business unit, line of business or division of, or all or substantially all of the assets of, a Person; and

(f) incurrence of Indebtedness, making of a Restricted Payment or payment in respect of Indebtedness, or any other event, in respect of which compliance with any financial ratio is by the terms of the Indenture required to be calculated on a Pro Forma Basis or giving Pro Forma Effect to any such transaction or event.

"*Sponsor*" means Bain Capital Private Equity, LP and/or any of its Affiliates (including, as applicable, investment vehicles, related funds, general partners thereof and limited partners thereof, but solely to the extent any such limited partners are directly or indirectly participating as investors pursuant to a side-by-side investing arrangement, but excluding, however, any portfolio company of any of the foregoing).

"*Sponsor Reimbursement Agreement*" means a customary indemnity and expense reimbursement agreement between the Sponsor and the Parent (and/or one or more Subsidiaries of the Parent) pursuant to which the Parent (and/or one or more Subsidiaries of the Parent) will indemnify and agree to reimburse certain expenses incurred by the Sponsor from time to time in connection with its investment in the Parent and its Subsidiaries, in each case, as amended, restated, amended and restated, modified or supplemented from time to time.

"*Standard Securitization Undertakings*" means representations, warranties, covenants and indemnities entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Securitization Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Strategic Investors*" means physicians, hospitals, health systems, other healthcare providers, other healthcare companies and other similar strategic joint venture partners which joint venture partners are actively involved in the day-to-day operations of providing surgical care, physician practices, anesthesia services, diagnostic services, optical services, pharmacy services or related services, or, in the case of physicians, that have retired therefrom, individuals who are former owners or employees of such facilities purchased by the Issuer or any of its Restricted Subsidiaries or Persons owned, controlled or managed by individual physicians, and consulting firms that receive common Capital Stock as consideration for consulting services performed or for cash invested.

"*Subordinated Indebtedness*" means, with respect to the Notes, (a) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes and (b) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Note Guarantee of such Guarantor.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Unless otherwise expressly provided, all references herein to a Subsidiary shall mean a Subsidiary of the Issuer.

"*Tax Receivable Agreement*" means the Income Tax Receivable Agreement, dated September 30, 2015, by and among Parent, H.I.G. Surgery Centers LLC, as stockholders representative, and each stockholder party thereto, as amended by Amendment No. 1 to Income Tax Receivable Agreement, dated as of May 9, 2017, among Parent and H.I.G. Surgery Centers LLC, as stockholders representative, and as further amended, restated, amended and restated, modified or supplemented from time to time.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings (including backup withholdings), fees and any charges of a similar nature (including interest, fines, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Test Period*" means, for any determination hereunder, the four consecutive fiscal quarters of the Issuer then last ended for which financial statements pursuant to clause (1) under the covenant entitled "Reports" have been furnished (or were required to be furnished, exclusive of any grace period) to the Trustee (or before the first furnishing of such financial statements, the most recent period of four consecutive fiscal quarters for which financial statements are available, as determined in good faith by the Issuer).

"*Transaction Expenses*" means any fees or expenses incurred or paid by Holdings, the Issuer or any Restricted Subsidiary, or any of their respective Affiliates in connection with the Previous Transactions or the other transactions described in this offering memorandum, including expenses in connection with hedging transactions, if any, and payments to officers, employees and directors as change of control payments, severance payments, special or retention bonuses, payments on account of phantom units and charges for repurchase or rollover of, or modifications to, equity options and/or restricted equity.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Uniform Commercial Code*" means the Uniform Commercial Code as in effect from time to time in the State of New York or another applicable jurisdiction.

"*United States*" or "*U.S.*" means the United States of America.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in the manner provided below and under the caption "Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries"); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer, respectively (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "— Certain Covenants — Limitation on Restricted Payments."

"*U.S. Government Obligations*" means securities that are (1) direct obligations of the United States for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depositary receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depositary receipt.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (i) the amount of each then remaining scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness, Disqualified Stock or Preferred Stock;

provided that for purposes of determining the Weighted Average Life to Maturity of any Indebtedness, Disqualified Stock or Preferred Stock that is being modified, refinanced, refunded, renewed, replaced or extended (the "*Applicable Indebtedness*"), the effects of any prepayments or amortization made on such Applicable Indebtedness prior to the date of the applicable modification, refinancing, refunding, renewal, replacement or extension shall be disregarded.

"*Wholly-Owned Domestic Subsidiary*" means any Wholly-Owned Subsidiary that is a Domestic Subsidiary.

"*Wholly-Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than (x) directors' qualifying shares or other ownership interests and (y) a nominal number of shares or other ownership interests issued to foreign nationals to the extent required by applicable laws) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act and may not be offered except to (a) qualified institutional buyers in the United States in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) non-U.S. persons in offshore transactions in reliance on Regulation S.

Each purchaser of the notes offered otherwise than in reliance on Regulation S (the "Restricted Notes") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser (A) (i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such notes for its own account or for the account of a qualified institutional buyer or (B) is not a U.S. person or is not purchasing notes for the account or benefit of a U.S. person, other than a distributor, and is purchasing such notes in an offshore transaction pursuant to Regulation S.

(2) The purchaser understands that the Restricted Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that such notes have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the notes, such notes may be offered, resold, pledged or otherwise transferred only (i) to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), (iv) to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) that, prior to such transfer, furnishes to the trustee a signed letter containing certain representations and agreements relating to the registration of transfer of the note (in the form provided in the Indenture) and an opinion of counsel acceptable to us that such transfer is in compliance with the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each of cases (i) through (v) in accordance with any applicable securities laws of any state of the United States, and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the notes from it of the resale restrictions referred to in (A) above.

(3) The purchaser acknowledges that is has been afforded an opportunity to request from us, and to review, and has received, all additional information considered by such purchaser to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum and has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with such purchaser's investigation of the accuracy of such information or such purchaser's investment decision.

(4) The purchaser understands that the Restricted Notes will, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect (the "Restricted Note Legend"):

THIS NOTE WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUERS THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE REGISTRATION OF TRANSFER OF THIS NOTE (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE) AND AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

Each purchaser of the notes offered in reliance on Regulation S will be deemed to have represented and agreed that it is not a U.S. person and is purchasing such notes in an offshore transaction (as such terms are defined in Regulation S) pursuant to Regulation S and understands that such notes will bear a legend substantially to the following effect (the "Regulation S Legend"):

THIS NOTE WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

Restricted Notes may be exchanged for notes not bearing the Restricted Note Legend but bearing the Regulation S Legend upon certification by the transferor in the form set forth in the Indenture that the transfer of any such Restricted Note has been made in accordance with Rule 904 under the Securities Act. Each purchaser understands that under current market practices settlement of the transfer of any such note may be effected through the facilities of DTC, but that prior to the 40th day after the later of the commencement of this offering and the last original issue date of the notes, any such transfer may only occur through the facilities of Euroclear and/or Clearstream. See "Book Entry, Delivery and Form."

If the notes are issued with OID, the following legend shall also be included substantially in the following form:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE. UPON WRITTEN REQUEST, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE.

Holders may obtain information regarding the issue price, the issue date, the amount of OID and the yield to maturity relating to the notes by contacting our Chief Financial Officer at our principal executive offices located at 310 Seven Springs Way, Suite 500 Brentwood, TN 37027.

In addition, each purchaser of the notes will be deemed to have represented and agreed to the representations set forth in "Certain Considerations for Benefit Plan Investors" contained elsewhere in this offering memorandum.

BOOK ENTRY, DELIVERY AND FORM

General

The notes sold outside the United States to non-US persons in offshore transactions pursuant to Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note").

The notes sold to qualified institutional buyers pursuant to Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "144A Global Note"). Following the initial distribution of notes, such notes may be transferred to certain institutional "accredited investors" in the secondary market, and such notes will initially be represented by a global note in registered form without interest coupons (the "IAI Global Note" and, together with the Regulation S Global Note and the 144A Global Note, the "Global Notes"). On the date of issuance, the Global Notes will be deposited with the trustee (the "Trustee"), as custodian for DTC, and registered in the name of Cede & Co., as nominee of DTC.

Investors who are qualified institutional buyers and who purchase notes in reliance on Rule 144A may hold their interests in a Rule 144A Global Note directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants. Investors who are institutional "accredited investors" and who purchase notes may hold their interests in an IAI Global Note directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants. Investors who hold beneficial interests in a Regulation S Global Note may hold such interests directly through Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, S.A. ("Clearstream"), if they are participants in these systems, or indirectly through organizations that are participants in Euroclear or Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their participants through their respective depositaries, which in turn will hold the interests in the Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC.

Through and including the period ending 40 days after the commencement of the offering of the notes (the "40 Day Period"), beneficial interests in the Regulation S Global Note may only be held through Euroclear and Clearstream (as indirect participants in DTC). The ownership of interests in the Global Notes (the "Book-Entry Interests") will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Book-Entry Interests will be limited to persons that have accounts with DTC or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants.

The Book-Entry Interests will not be held in definitive form. Instead, DTC will credit on its book-entry registration and transfer systems a participant's account with the interest beneficially owned by such a participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, owners of interest in the Global Notes will not have the notes registered in their names, will not receive physical delivery of the notes in certificated form and will not be considered the registered owners or "Holders" of notes under the Indenture for any purpose.

So long as the notes are held in global form, DTC (or its nominees) will be considered the holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer, nor the Trustee under the Indenture, nor any of the Issuer's or the Trustee's respective agents, will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive notes in registered form (the "Definitive Registered Notes") only in the following circumstances:

- if DTC notifies the Issuer that it is unwilling or unable to continue to act as depositary or has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor depository is not appointed by the Issuer within 90 days;
- if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes; or
- if the owner of a Book-Entry Interest requests such exchange in writing to DTC following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC or the Issuer, as applicable (in accordance with its customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by the Indenture or applicable law.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, if fewer than all of the notes are to be redeemed at any time, DTC will credit their respective participants' accounts by lot; provided, however, that no Book-Entry Interest of less than $2,000, as applicable, principal amount at maturity, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium and interest) will be made by the Issuer in dollars to the paying agent. The paying agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., DTC or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- any other matter relating to the actions and practices of DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in a "street name."

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such notes through DTC in dollars.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the notes, each of DTC, Euroclear and Clearstream reserves the right, subject to certain restrictions, to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "Transfer Restrictions." Book Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "Transfer Restrictions."

During the 40 Day Period, Book-Entry Interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in (i) the 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions or (ii) the IAI Global Note only if such transfer is made to an "accredited investor" under the Securities Act that is an institutional "accredited investor" acquiring the securities for its own account or for the account of an institutional "accredited investor" and the transferee first delivers to the Trustee a certificate (in the form provided in the Indenture) to such effect or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40 Day Period, Book-Entry Interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the 144A Global Note without compliance with these certification requirements.

Subject to the foregoing, and as set forth in "Transfer Restrictions," Book-Entry Interests may be transferred and exchanged. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if

any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as set forth in "Transfer Restrictions" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions."

Transfers involving an exchange of a Book-Entry Interest for another Book-Entry Interest will be done by DTC by means of an instruction originating from the DTC Participant through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Global Note and a corresponding increase in the principal amount of the corresponding Global Note. The policies and practices of DTC may prohibit transfers of Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the notes.

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, the initial purchasers, the Trustee or any of their agents are responsible for those operations or procedures. DTC has advised the Issuer that it is:

- a limited purpose trust company organized under New York Banking Law;
- a "banking organization" under New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc. the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in DTC or otherwise take actions in respect of such interest, may be limited by the

lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through DTC will receive distributions attributable to the 144A Global Notes only through DTC participants.

Global Clearance and Settlement under the Book-Entry System

The notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore be required by DTC to be settled in immediately available funds. You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving notes through DTC, Euroclear and Clearstream on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any guarantor, the Trustee or any paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in dollars. Book-Entry Interests owned through DTC, accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book- Entry Interests will be credited to the securities custody accounts of DTC holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

PLAN OF DISTRIBUTION

Jefferies LLC and the initial purchasers named in the table below are acting as joint book-running managers of the offering, and Jefferies LLC is acting as representative (the "Representative") of the initial purchasers named below. Under the terms and subject to the conditions contained in a purchase agreement dated , 2019, we have agreed to sell to each initial purchaser, and each initial purchaser has severally agreed to purchase, the principal amount of the notes set forth opposite its name in the table below.

The initial purchasers may use affiliates or other appropriately licensed entities for sales of the notes in jurisdictions in which the initial purchasers are not otherwise permitted.

The purchase agreement provides that the initial purchasers are obligated to purchase, severally and not jointly, all of the notes if any are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the initial purchasers may be increased or the purchase agreement may be terminated.

Initial purchasers	Principal Amount
Jefferies LLC	$
KKR Capital Markets LLC	
Macquarie Capital (USA) Inc.	
Total	$430,000,000

The initial purchasers propose to offer the notes initially at the offering price on the front cover page of this offering memorandum and may also offer the notes to selling group members at the offering price less a selling concession. After the initial offering, the offering price may be changed.

The notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. The notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. The initial purchasers have agreed that, except as permitted by the purchase agreement, they will not offer, sell or deliver the notes as part of their distribution at any time within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Resales of the notes are restricted as described under "Transfer Restrictions."

In addition, until 40 days after the commencement of the offering, an offer or sale of notes within the United States by a broker/dealer (whether or not it is participating in the offering), may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Disclaimers about Non-U.S. Jurisdictions

European Economic Area

In relation to each member state of the European Economic Area, no offer of notes which are the subject of the offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representative for any such offer; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to in (a) to (c) above shall result in a requirement for the Company or the Representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Member State of notes which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or the Representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the Representative has authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the Representative to publish a prospectus for such offer.

For the purposes of this provision, the expression "an offer of notes to the public" in relation to any notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure each Member State.

The above selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

The initial purchasers represent, warrant and agree as follows:

a) they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by them in connection with the issue or sale of the notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the notes in, from or otherwise involving the United Kingdom.

Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum, you should consult an authorized financial advisor.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The securities to be sold under this offering memorandum may not be offered or sold by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance; or (b) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong); or (c) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "FIEA") and disclosure under the FIEA has not been and will not be made with respect to the notes. Accordingly, the notes may not be offered or sold, directly or indirectly, in Japan, or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes have not been and may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289, of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor; then securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust will not be transferable for 6 months after that corporation or that trust has acquired the securities under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA, or to a relevant person under Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is given for the transfer; (iii) by operation of law; or (iv) as specified in Section 276(7) of the SFA.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers in the provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Quebec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Israel

Sales of the notes in Israel will be made through the initial purchasers and/or through an Israeli broker(s) engaged by them. The notes will not be offered to an Israeli person unless such offeree is a "qualified investor" (as defined in the First Appendix to the Israeli Securities Law) who is not an individual (a "Qualified Israeli Investor") and who has (x) completed and signed a questionnaire regarding qualification as a Qualified Israel Investor and (y) certified that it has an exemption from Israeli withholding taxes on interest.

Settlement

We expect that delivery of the notes will be made against payment therefor on or about the business day following the date of confirmation of orders with respect to the notes (this settlement cycle being referred to as "T+ "). Under Rule 15c6-1 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade the notes before the notes are delivered will be required, by virtue of the fact that the notes initially will settle in T+ , to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes before their delivery should consult their own advisor.

General

We and the guarantors have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any debt securities issued or guaranteed by us or any guarantor of the notes and having a maturity of more than one year from the date of issue, or publicly disclose our intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the Representative for a period of 90 days after the date hereof.

We and the guarantors have agreed to indemnify the initial purchasers against liabilities, including liabilities under the Securities Act, that could arise from the use of this offering memorandum or to contribute to payments which they may be required to make in that respect.

The notes are a new issue of securities for which there currently is no market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. The initial purchasers have advised us that they presently intend to make a market in the notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the notes and any market making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

The initial purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in connection with the offering.

- Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchasers.
- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions.
- Penalty bids permit the initial purchasers to reclaim a selling concession from a broker/dealer when the notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions.

These over-allotments, stabilizing transactions, covering transactions and penalty bids may cause the price of the notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The initial purchasers are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers and their affiliates have from time to time performed, various financial advisory, commercial banking, investment banking and other related services for us and our affiliates for which they have received customary compensation, and they may continue to do so in the future. Affiliates of certain of the initial purchasers may be holders of the 2021 Senior Unsecured Notes and, accordingly, may receive a portion of the proceeds from this offering. See "Use of Proceeds."

Affiliates of certain of the initial purchasers may receive customary fees and expenses in connection with their commitments under our Senior Secured Credit Facilities and the 2019 Incremental Revolver Commitments. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies.

Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby.

Further, in the ordinary course of their various business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities or related derivative securities and financial instruments which may include bank loans and/or credit default swaps for their own account and for the accounts of their customers and such investment and securities activities may involve our securities and/or instruments. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold for their own account and for the accounts of their customers, or recommend to clients that they acquire long and/or short positions in such securities and instruments.

The decision to distribute the notes was made independently of the other entities with which the initial purchasers are affiliated, which entities had no involvement in determining whether and when to distribute notes under the offering or the terms of this offering. Furthermore, with respect to any initial purchaser who is affiliated with any person or entity engaged to act as an investment adviser on behalf of an advisory client or account who has or will have indirect or direct interest in the notes, the notes being sold to such initial purchaser shall not include any notes attributable to such client (with any such notes being allocated and sold to the other initial purchaser) and, accordingly, the fees or other amounts received by such initial purchaser in connection with the transactions contemplated hereby shall not include any fees or other amounts attributable to such client (and, if there is any unsold allotment in the offering on the closing date of this offering, such unsold allotment in respect of notes attributable to such client shall be allocated solely to initial purchasers not affiliated with such client).

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

IN GENERAL

The following is a general summary of certain U.S. federal income tax considerations to you of the purchase, ownership and disposition of the notes. It:

- is based on the current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Department regulations, all of which are subject to change (possibly with retroactive effect) or to different interpretations;
- does not discuss the tax considerations to you if you do not hold the notes as capital assets within the meaning of Section 1221 of the Code (that is, for investment purposes);
- does not discuss the tax considerations to you if you do not purchase the notes in the initial offering for the original "issue price" within the meaning of Section 1273 of the Code (the first price at which a substantial amount of the notes is sold for cash to the public, not including bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers);
- does not discuss all of the tax considerations that may be relevant to you in light of your particular circumstances or that may be relevant to you because you are subject to special rules, such as rules applicable to banks, financial institutions, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, tax-exempt entities, S corporations, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar, insurance companies, broker-dealers in securities or currencies, traders in securities that have elected the mark-to-market method of accounting, holders subject to the alternative minimum tax, persons holding the notes as part of a hedge, straddle, "constructive sale," "conversion" or other integrated transaction, or former U.S. citizens or long-term residents subject to taxation as expatriates;
- does not discuss the tax considerations to you if you use the accrual method of accounting that requires you to include any item of gross income with respect to the notes no later than the time such amounts are reflected on certain financial statements;
- does not discuss the effect of any state, local or foreign laws, any U.S. federal gift tax or estate tax considerations, or the 3.8% Medicare Contribution tax on net investment income; and
- does not discuss tax considerations to an owner of notes that is for U.S. federal income tax purposes a partnership or other pass-through entity.

We have not sought any ruling from the Internal Revenue Service (the "IRS") with respect to the statements made herein, and there can be no assurance that the IRS will agree with such statements.

As used in this section, a "U.S. holder" of a note means a beneficial owner of a note that is, for U.S. federal income tax purposes, a citizen or individual of the United States, a corporation (or other entity treated for U.S. federal income tax purposes as a corporation) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if (1) the trust is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) a valid election is in place to treat the trust as a U.S. person within the meaning of Section 7701(a)(30) of the Code. As used in this section, a "non-U.S. holder" means a beneficial owner of a note that is not a U.S. holder and is not for U.S. federal income tax purposes a partnership or other pass-through entity.

If a partnership, or other entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds the notes, the tax treatment of a partner will generally depend upon the status of the

partner and the activities of the partnership. If you are a partner in a partnership that holds the notes, you should consult your own tax advisors.

Under the terms of the notes, in certain circumstances we may be obligated to pay amounts in excess of principal, or to redeem the notes in advance of their stated maturity. See "Description of Notes — Change of Control", "Description of Notes — Special Mandatory Redemption" and "Description of Notes — Optional Redemption". Although the matter is not free from doubt, we intend to take the position, that the payment of additional amounts and/or such redemptions are "remote" or "incidental" contingencies that should not cause the notes to be treated as contingent payment debt instruments and that any additional amounts received pursuant to such redemptions should be taxable as capital gain at the time they are received or accrued, in accordance with your regular accounting method. Our determination will be binding on you unless you disclose your contrary position in the manner required by the applicable U.S. Treasury regulations. Our position is not, however, binding on the IRS, and if the IRS were to successfully challenge this position, the timing, character, and amount of income inclusions by you may be affected. You are urged to consult your tax advisor regarding the potential application of these rules to the notes and the consequences thereof. This remainder of this discussion assumes that our position is correct.

This discussion is intended for general information purposes only and is not a substitute for careful tax planning and advice. Please consult your own tax advisor regarding the application of U.S. federal income tax laws to your particular situation and the consequences of other U.S. federal tax laws (including estate and gift tax laws), state, local and foreign laws and tax treaties.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS

This section applies to you if you are a U.S. holder.

Stated Interest

In general, stated interest paid on a note will be taxable to you as ordinary income at the time it accrues or is received, in accordance with your regular method of accounting for U.S. federal income tax purposes. If you are a cash-method taxpayer, which is the case for most individuals, you must report interest on the notes in your income when you receive it. If you are an accrual-method taxpayer, you must report interest on the notes in your income as it accrues.

Original Issue Discount

The notes may be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes. The notes will be considered to be issued with OID if the stated redemption price at maturity of the notes exceeds its "issue price" (as defined above) by at least a statutorily-defined de minimis amount. The OID de minimis amount equals ¼ of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The "stated redemption price at maturity" of the notes is the total of all payments provided by the notes that are not payments of stated interest.

The amount of OID on a note will generally be equal to the excess of the principal amount of such note over its "issue price". A U.S. holder will generally be required to include such OID in gross income as ordinary income for U.S. federal income tax purposes as the OID accrues, on a constant yield to maturity basis, in advance of the receipt of cash payments to which such income is attributable regardless of the U.S. holder's regular method of accounting for U.S. federal tax purposes. A U.S. holder generally must include in income in each taxable year the sum of the daily portions of OID for each day on which it held such note during the taxable year. To determine the daily portions of OID, the amount of OID allocable to an accrual period is determined, and a ratable portion of such OID is allocated to each day in the accrual period. The amount of OID allocable to an accrual period will equal the product of such note's "adjusted issue price" at the beginning of the accrual period and such note's "yield to maturity" (adjusted to reflect the length of the accrual period), less the amount of any stated interest allocable to the accrual period. A note's "adjusted issue price" at the beginning of any accrual period generally will be its issue price, increased by the amount

of OID, if any, allocable to all prior accrual periods. A note's yield to maturity is the discount rate that, when used in computing the present value (as of the issue date) of all payments to be made on the note, produces an amount equal to the note's issue price. An accrual period may be of any length, and the length of the accrual periods may vary over the life of the note, provided that no accrual period may be longer than one year. Each scheduled payment of stated interest or principal on the Note must occur on either the first day or last day of an accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. Under these rules, a U.S. holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

A U.S. holder may elect to treat all interest on a note as OID and calculate the amount includible in gross income under the constant yield method described above. The election is to be made for the taxable year in which a U.S. holder acquired the note and may not be revoked without the consent of the IRS. U.S. holders should consult with their own tax advisors about this election.

Sale, Exchange, Redemption or Other Taxable Disposition of the Notes

On the sale, exchange, redemption or other taxable disposition of a note (including a repurchase at the option of a holder as described in "Description of Notes — Change of Control"):

- You will have taxable gain or loss equal to the difference between the amount received by you (which does not include amounts representing accrued and unpaid interest, which will be taxable to you as ordinary income as described above) and your adjusted tax basis in the note. Your tax basis in a note is generally the cost of the note to you decreased by any payments on the note received by you other than payments of stated interest, but increased by the amount of OID (if any) previously accrued on the note.
- Your gain or loss will generally be a capital gain or loss and will be a long-term capital gain or loss if you have a holding period for the note that is more than one year on the date of disposition. Long-term capital gains recognized by certain non-corporate U.S. holders (including individuals) are generally eligible for a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to limitation.

Information Reporting and Backup Withholding

Information reporting requirements generally will apply with respect to payments of principal, payments of interest, accruals of OID, and the proceeds of a sale or other disposition of a note paid to you, unless you are an exempt recipient. Backup withholding (imposed at the then-applicable rate) may apply to those payments or payments of OID if (i) you fail to provide your taxpayer identification number ("TIN") or certification of exempt status in the required manner; (ii) the IRS notifies the payor that you have furnished to the payor an incorrect TIN; (iii) in the case of interest payments, you are notified by the IRS that it has failed to properly report payments of interest or dividends or payments of OID; or (iv) in the case of interest payments, you fail to certify under penalties of perjury that you have furnished a correct TIN and that the IRS has not notified you that you are subject to backup withholding.

U.S. holders should consult their personal tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

This section applies to you if you are a non-U.S. holder and the interest (including OID) with respect to a note and gain you realize on the sale or other taxable disposition of a note are not effectively connected with your conduct of a U.S. trade or business. If the interest (including OID) and gain you receive is

effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment), you will be subject to rules similar to those described above for U.S. holders and, therefore, such effectively connected income generally will be subject to U.S. federal income tax at the regular graduated rates applicable to U.S. holders. In addition to this treatment, if you are a corporation, you could be subject to a branch profits tax at a rate of 30% (or such lower rate provided by an applicable income tax treaty) of your "effectively connected earnings and profits" for the relevant taxable year. You will be exempt from the withholding tax on interest (including OID), as discussed below, although you will be required to provide a properly executed IRS Form W-8ECI (or other applicable form) in order to obtain an exemption from withholding. These rules are complex, and you should consult your tax advisor.

Interest

Subject to the discussion below concerning FATCA and backup withholding, payments of interest (including OID) on the notes by us or any paying agent to you will not be subject to U.S. federal income tax (collected by means of withholding), provided that, pursuant to the "portfolio interest" exception:

- you do not own, actually or constructively, 10% or more of the combined voting power of all classes of our stock entitled to vote (within the meaning of the Code and applicable U.S. Treasury regulations),
- you are not a controlled foreign corporation (within the meaning of the Code) that is related, directly or indirectly, actually or constructively, to us,
- you are not a bank receiving interest (including OID) on the notes on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of your trade or business, and
- you satisfy certain certification requirements (generally by providing an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form)).

Payments of interest on the notes (including OID) that do not meet the above-described requirements will be subject to a U.S. federal income tax of 30% (or such lower rate provided by an applicable income tax treaty if you validly and timely establish that you qualify to receive the benefits of such treaty) collected by means of withholding. To claim a reduction or exemption under a tax treaty, a non-U.S. holder generally must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other appropriate documentation) and claim the reduction or exemption on the form.

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. A non-U.S. holder may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding their entitlements to benefits under any applicable income tax treaty.

Sale, Exchange, Redemption or Other Taxable Disposition of the Notes

Subject to the discussions below concerning FATCA and backup withholding, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other disposition of the notes (other than any amount representing accrued but unpaid interest on the note (including OID), which is subject to the rules described above) unless you are an individual present in the United States for at least 183 days during the year in which you dispose of the note, and other conditions are satisfied. Gain recognized by non-resident individuals present in the United States for such time will be subject to a U.S. federal income tax rate of 30%, (or such lower rate specified by an applicable tax treaty) which may be offset by U.S. capital losses of the non-U.S. holder, provided the non-U.S. holder timely files U.S. federal income tax returns with respect to such losses.

Information Reporting and Backup Withholding

Amounts of interest (including OID) paid to a non-U.S. holder on a note, and amounts withheld from such amounts, if any, generally will be required to be reported to the IRS and to such non-U.S. holder. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-U.S. holder is resident.

Backup withholding generally will not apply to payments of interest (including OID) on the notes if a holder certifies its status as a non-U.S. holder as described above or otherwise establishes an exemption. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the disposition (including a sale, redemption or retirement) of a note include the following:

- The payment of the proceeds of the disposition of notes (including a sale, retirement or redemption) to or through the U.S. office of a U.S. or foreign broker will be subject to backup withholding (at the then-applicable rate) and related information reporting unless the non-U.S. holder provides the certification described above or otherwise establishes an exemption.
- The payment of the proceeds of a disposition (including a sale, retirement or redemption) effected outside the U.S. by a non-U.S. holder of the notes to or through a foreign office of a broker generally will not be subject to backup withholding or related information reporting. However, if that broker is a U.S. broker or has certain specified U.S. connections, then information reporting will apply.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a non-U.S. holder under the backup withholding rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund; provided that the required information is timely furnished to the IRS. Non-U.S. holders should consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

FATCA

Subject to certain exceptions, Sections 1471 through 1474 of the Code, as modified by U.S. Treasury regulations, guidance from the IRS and intergovernmental agreements and subject to further guidance (collectively, "FATCA"), impose a withholding tax of 30% on interest income (including OID) paid on a debt obligation of a United States company paid to (i) a "foreign financial institution" (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution enters into an agreement with the United States government to collect and provide to the United States tax authorities substantial information regarding United States account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners), and (ii) a "non-financial foreign entity" (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10% of the entity. Withholding under FATCA generally will apply to payments of interest (including OID) on a note regardless of when they are made. While withholding under FATCA would also have applied to payments of gross proceeds from the sale or other disposition of the notes on or after January 1, 2019, recently proposed U.S. Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Although these recent U.S. Treasury Regulations are not final, they can be relied upon until final U.S. Treasury Regulations are issued. An intergovernmental agreement between the United States and the applicable foreign country, or future U.S. Treasury regulations or other guidance, may modify these requirements and result in the affected non-U.S. holders being subject to different rules. Each holder is strongly encouraged to consult with its tax advisor regarding the implications of the potential application of FATCA on the investment in a note.

Investors should consult their own tax advisors regarding the possible implications of FATCA and whether it may be relevant to such holder's acquisition, ownership and disposition of the notes.

CERTAIN CONSIDERATIONS FOR BENEFIT PLAN INVESTORS

The following is a summary of certain considerations associated with the purchase, holding and disposition of the notes by (i) any employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to Title I of ERISA, (ii) any plan (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code (including an individual retirement arrangement under Section 408 of the Code), (iii) any entity the underlying assets of which are considered to include "plan assets" of any plans described above in the foregoing subsections (i) or (ii) (as determined pursuant to U.S. Department of Labor regulations, as modified by Section 3(42) of ERISA (the "Plan Asset Regulation")) (collectively, the plans and entities described in subsections (i) through (iii) above are referred to herein as "ERISA Plans"), or (iv) any other plan, including a foreign plan maintained outside the United States, governmental plan (as defined in Section 3(32) of ERISA) or church plan (as defined in Section 3(33) of ERISA) that is not subject to Title I of ERISA, but may be subject to any federal, state, local or foreign law or regulation that is similar to Title I of ERISA or Section 4975 of the Code (a "Similar Law") (collectively, the plans, accounts or arrangements described in subsections (i) through (iv) above are referred to herein as "Plans").

This summary is based on the provisions of ERISA and the Code (and the related regulations and administrative guidance and judicial interpretations) as of the date hereof. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, administrative regulations, rulings or administrative pronouncements will not significantly modify the requirements summarized herein. Any such changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. Accordingly, each prospective investor should consult with its own counsel in order to understand the potential applicability of Title I of ERISA, Section 4975 of the Code and/or any other Similar Law to an investment in the notes that affect or may affect the investor with respect to this investment.

General Fiduciary Matters

ERISA imposes certain duties on persons who are fiduciaries of an ERISA Plan subject to Title I of ERISA, and ERISA and the Code prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation (whether direct or indirect) to an ERISA Plan, is generally considered to be a fiduciary with respect to such ERISA Plan.

Section 404(a)(1) of ERISA sets forth a general standard of behavior and restrictions for fiduciaries of ERISA Plans subject to Title I of ERISA. It requires that a fiduciary discharge its duties with respect to such an ERISA Plan (i) solely in the interest of the participants and beneficiaries of such ERISA Plan, (ii) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the ERISA Plan, (iii) in accordance with a "prudent-man rule" (that is "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims"), (iv) by diversifying the investments of the ERISA Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, and (v) in accordance with the documents governing the ERISA Plan insofar as they are consistent with ERISA.

In considering an investment in the notes with the assets of any such ERISA Plan, a fiduciary should give appropriate consideration to, among other things, whether the acquisition and holding of the notes is in accordance with the documents and instruments governing the ERISA Plan and the applicable provisions of ERISA or the Code including, without limitation, any prudence, diversification, delegation of control and

prohibited transaction provisions of ERISA and the Code, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, an examination of the risk and return factors, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, and the projected return of the total portfolio relative to the ERISA Plan's funding objectives. Similar duties and restrictions may apply to fiduciaries of Plans that are not subject to ERISA, such as governmental plans, church plans and non-U.S. plans. Fiduciaries of Plans subject to Similar Laws should consider their fiduciary duties under such Similar Laws in determining whether to invest in the notes offered hereby.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and certain persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless a statutory or administrative exemption is applicable to the transaction.

The acquisition or holding of notes by or on behalf of an ERISA Plan could give rise to a prohibited transaction under ERISA or the Code if the Company or any of its affiliates is, or becomes, a party in interest or a disqualified person with respect to such ERISA Plan. A party in interest or disqualified person who engages in a non-exempt prohibited transaction (including, without limitation, the lending of money or the extension of credit by the ERISA Plan) may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. For example, an ERISA Plan holding a note would be viewed by the Department of Labor as a continuing extension of credit by the ERISA Plan to the Company. Accordingly, each original or subsequent purchaser or transferee of a note that is or may become an ERISA Plan is responsible for determining the extent, if any, to which the purchase and holding of a note will constitute a prohibited transaction under ERISA or Section 4975 of the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code, including an obligation to correct the transaction.

The Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the sale, purchase or holding of a note. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95- 60 respecting life insurance company general accounts, and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory exemption for certain transactions involving non-fiduciary service providers or their affiliates. However, we cannot assure you that all of the conditions of any of these exemptions or of any other exemption will be available with respect to any particular transaction involving the notes.

Governmental plans, church plans and foreign plans are not generally subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code; however, such Plans may nevertheless be subject to Similar Laws which may affect their investment in the notes. Any fiduciary of such a Plan should make its own determination as to the requirements, if any, under any Similar Law applicable to the acquisition and holding of the notes.

Representation

To address the above concerns, each purchaser or transferee of the notes will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

At the time of your acquisition and throughout the period that you hold the notes or any interest therein, either (a) you are not, and are not acting on behalf of (and for so long as you hold this note or any interest

therein will not be and will not be acting on behalf of) (i) any employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to Title I of ERISA, (ii) any "plan" (as defined in Section 4975(c)(1) of the Internal Revenue Code of 1986, as amended ("Code")) that is subject to Section 4975 of the Code (including an individual retirement arrangement under Section 408 of the Code), (iii) any entity of which the underlying assets are considered to include "plan assets" of any plans described in the foregoing subsections (i) or (ii) (as determined pursuant to U.S. Department of Labor regulations, as modified by Section 3(42) of ERISA), or (iv) any other plan, including a foreign plan, governmental plan (as defined in Section 3(32) of ERISA) or church plan (as defined in Section 3(33) of ERISA) that is not subject to Title I of ERISA, but that may be subject to any federal, state, local, foreign or other laws or regulations that are similar to Title I of ERISA or Section 4975 of the Code (a "Similar Law"), or (b) the acquisition, holding and disposition of this note or any interest therein will not constitute a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a non-exempt violation of any provision of a Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in a non-exempt prohibited transaction, it is particularly important that Plan fiduciaries, or other persons considering purchasing the notes (and holding the notes) on behalf of, or with the assets of, any Plan consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

Nothing herein shall be construed as a representation that an investment in the notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, a Plan. Purchasers of the notes have the exclusive responsibility for ensuring that their purchase and holding of the notes complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or any applicable Similar Laws.

LEGAL MATTERS

Certain legal matters with regard to the validity of the notes and other legal matters will be passed upon for us by Ropes & Gray LLP, San Francisco, California and for the initial purchasers by Latham & Watkins LLP, Washington, D.C. Ropes & Gray LLP and some of its attorneys are limited partners of RGIP, LP, which is an investor in certain investment funds affiliated with Bain Capital and often a co-investor with such funds.

INDEPENDENT AUDITORS

The consolidated financial statements of Surgery Partners, Inc. as of December 31, 2017 and for the period from September 1, 2017 to December 31, 2017 (Successor), the period from January 1, 2017 to August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor), incorporated by reference in this offering memorandum, have been audited by Ernst & Young LLP, independent registered public accounting public firm, as stated in their report incorporated herein by reference.

The consolidated financial statements of Surgery Partners, Inc. as of December 31, 2018 and for the year ended December 31, 2018, incorporated in this offering memorandum, have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report incorporated by reference herein.

$430,000,000

Surgery Center Holdings, Inc.

% Senior Notes due 2027

OFFERING MEMORANDUM

Joint Book-Running Managers

Jefferies

KKR

Macquarie Capital

, 2019