#E-039-18

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JUN 20 2018

HEALTH FACILITIES & SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR EXEMPTION PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center		
Street Address: 9921 Southwest Highway		
City and Zip Code: Oak Lawn 60453-3767		
County: Cook	Health Service Area: 007	Health Planning Area: 031

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center
Street Address: 9921 Southwest Highway
City and Zip Code: Oak Lawn 60453-3767
Name of Registered Agent: Illinois Corporation Service Company
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield 62703
Name of Chief Executive Officer: Phillip Clendenin
CEO Street Address: 1A Burton Hills Boulevard
CEO City and Zip Code: Nashville 37215
CEO Telephone Number: 615-240-3833

Type of Ownership of Applicants

☐	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
X	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Daniel Lawler
Title: Partner
Company Name: Barnes & Thornburg LLP
Address: One North Wacker Drive, Suite 4400, Chicago, IL 60606-2833
Telephone Number: 312-214-4861
E-mail Address: Daniel.Lawler@btlaw.com
Fax Number: 312-759-5646

Additional Contact [Person who is also authorized to discuss the application for exemption permit]

Name: Mary Beth Fortugno
Title: Member

Company Name: Bass, Berry & Sims PLC
Address: 150 Third Ave. South, Suite 2800, Nashville, TN 37201
Telephone Number: 615-742-7739
E-mail Address:MFortugno@bassberry.com
Fax Number: 615-248-4076

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: AmSurg Holdings, Inc.
Street Address: 1A Burton Hills Boulevard
City and Zip Code: Nashville 37215
Name of Registered Agent: Illinois Corporation Service Company
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield 62703
Name of Chief Executive Officer: Phillip Clendenin
CEO Street Address: 1A Burton Hills Boulevard
CEO City and Zip Code: Nashville 37215
CEO Telephone Number: 615-240-3833

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X For-profit Corporation
☐ Limited Liability Company
☐ Partnership
☐ Governmental
☐ Sole Proprietorship
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Address: 150 Third Ave. South, Suite 2800, Nashville, TN 37201
Telephone Number: 615-742-7739
E-mail Address: MFortugno@bassberry.com
Fax Number: 615-248-4076

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Envision Healthcare Corporation
Street Address: 1A Burton Hills Boulevard
City and Zip Code: Nashville 37215
Name of Registered Agent: Corporation Service Company
Registered Agent Street Address: 251 Little Falls Drive
Registered Agent City and Zip Code: Wilmington 19808
Name of Chief Executive Officer: Christopher Holden
CEO Street Address: 1A Burton Hills Boulevard
CEO City and Zip Code: Nashville 37215
CEO Telephone Number: 615-665-3527

Type of Ownership of Applicants

☐	Non-profit Corporation	☐	Partnership		
X	For-profit Corporation	☐	Governmental		
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E-mail Address: Daniel.Lawler@btlaw.com
Fax Number: 312-759-5646

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Title: Member
Company Name: Bass, Berry & Sims PLC
Address: 150 Third Ave. South, Suite 2800, Nashville, TN 37201
Telephone Number: 615-742-7739
E-mail Address:MFortugno@bassberry.com
Fax Number: 615-248-4076

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Enterprise Parent Holdings Inc.
Street Address: 9 West 57th Street, Suite 4200
City and Zip Code: New York 10019
Name of Registered Agent: Maples Fiduciary Services (Delaware) Inc.
Registered Agent Street Address: 4001 Kennett Pike, Suite 302
Registered Agent City and Zip Code: Wilmington 19807
Name of Chief Executive Officer: Jim Momtazee
CEO Street Address: 2800 Sand Hill Road, Suite 200,
CEO City and Zip Code: Menlo Park 94025
CEO Telephone Number: 650-233-6586

Type of Ownership of Applicants

☐ Non-profit Corporation
X For-profit Corporation
☐ Limited Liability Company
☐ Partnership
☐ Governmental
☐ Sole Proprietorship
☐ Other

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Title: Member
Company Name: Bass, Berry & Sims PLC
Address: 150 Third Ave. South, Suite 2800, Nashville, TN 37201
Telephone Number: 615-742-7739
E-mail Address:MFortugno@bassberry.com
Fax Number: 615-248-4076

Post Exemption Permit Contact
[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]**

Name: Justin Page
Title: Deputy General Counsel, Ambulatory Services
Company Name: AmSurg Holdings, Inc.
Address: 1A Burton Hills Boulevard, Nashville, Tennessee 37215
Telephone Number: 615-240-3875
E-mail Address: justin.page@amsurg.com
Fax Number: 615-234-1875

Site Ownership
[Provide this information for each applicable site]

Exact Legal Name of Site Owner: 9905-21 Venture LLC
Address of Site Owner: 9921 Southwest Highway, Oak Lawn, Illinois 60453
Street Address or Legal Description of the Site: 9921 Southwest Highway, Oak Lawn, IL 60453-3767 **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease**
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee
[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center
Address: 9921 Southwest Highway Oak Lawn, IL 60453-3767

☐ Non-profit Corporation
☐ For-profit Corporation
X Limited Liability Company
☐ Partnership
☐ Governmental
☐ Sole Proprietorship
☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements **NOT APPLICABLE**
[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (**http://** www.illinois.gov/sites/hfsrb).

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements **NOT APPLICABLE**
[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification
[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

X Change of Ownership

☐ Discontinuation of an Existing Health Care Facility or of a category of service

☐ Establishment or expansion of a neonatal intensive care or beds

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

This application is one of three applications seeking approval for the change of ownership of three ambulatory surgical treatment centers in Illinois: (i) the Oak Lawn IL Endoscopy ASC, LLC d/b/a Oak Lawn Endoscopy Center in Oak Lawn, Illinois, (ii) the Lake Bluff IL Endoscopy ASC, LLC, d/b/a North Shore Endoscopy Center in Lake Bluff, Illinois, and (iii) the Glen Endoscopy Center, LLC in Glenview, Illinois (collectively, the "ASTCs").

On June 10, 2018, Envision Healthcare Corporation, a Delaware corporation ("Envision"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Enterprise Parent Holdings Inc., a Delaware corporation (the "Parent"), and Enterprise Merger Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of the Parent. The transaction (the "Proposed Transaction") is summarized in the SEC Form 8-K attached as Appendix A to the Oak Lawn Endoscopy application.

Envision is, and will continue to be after the completion of the Proposed Transaction, the one hundred percent (100%) owner of AmSurg Holdings, Inc., a Delaware corporation ("AmSurg"). AmSurg owns fifty-one percent (51%) of each of the ASTCs. The remaining forty-nine percent (49%) is owned by participating physicians, either individually or collectively as a separate limited liability company. AmSurg and the participating physicians will maintain the same ownership interest in the ASTCs after the Proposed Transaction.

NOTE: The Proposed Transaction will not change operational control of the ASTCs because board action for each ASTC requires a majority vote and the board of each facility consists of fifty percent (50%) representation from AmSurg and fifty percent (50%) representation by the participating physicians. Consequently, AmSurg cannot independently control board action apart from the participating physicians. These exemption applications are being submitted because AmSurg has a fifty-one percent (51%) ownership interest in each ASTC.

The applicants anticipate closing the Proposed Transaction in fourth quarter of 2018, approximately on October 8, 2018, or as soon as practicable pending required approvals.

Project Costs and Sources of Funds (Neonatal Intensive Care Services only)
NOT APPLICABLE (Project is not for Neonatal Intensive Care Services)

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☐ No
Purchase Price: $__________
Fair Market Value: $__________
NOT APPLICABLE (no land acquisition)

The project involves the establishment of a new facility or a new category of service
☐ Yes X No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ ________. **NOT APPLICABLE (no new facility or new category of service)**

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings: **NOT APPLICABLE** (change of ownership)

X None or not applicable ☐ Preliminary

☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): October 8, 2018

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): **NOT APPLICABLE** (change of ownership)

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☐ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:
X Cancer Registry
N/A APORS
X All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
X All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Phillip A. Clendenin PRINTED NAME	Wendel M Wainner PRINTED NAME
President PRINTED TITLE	Vice President PRINTED TITLE
Notarization: Subscribed and sworn to before me this 26th day of June, 2018	Notarization: Subscribed and sworn to before me this 26th day of June, 2018
Kay C Gibson Signature of Notary	Kay C Gibson Signature of Notary
Seal KAY C. GIBSON STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY MY COMMISSION EXPIRES 3-3-2020	Seal KAY C. GIBSON STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY MY COMMISSION EXPIRES 3-3-2020

*Insert the EXACT legal name of the applicant

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The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of AmSurg Holdings, Inc.*
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

[signature]	[signature]
SIGNATURE	SIGNATURE
Phillip A. Clendenin	Wendel M Wainner
PRINTED NAME	PRINTED NAME
President	Vice President
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 26th day of June, 2018	Notarization: Subscribed and sworn to before me this 26th day of June, 2018
[signature]	[signature]
Signature of Notary	Signature of Notary
Seal KAY C. GIBSON STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY MY COMMISSION EXPIRES 3-3-2020	Seal KAY C. GIBSON STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY MY COMMISSION EXPIRES 3-3-2020

*Insert the EXACT legal name of the applicant

CERTIFICATION

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- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Envision Healthcare Corporation.*
In accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Kevin D. Eastridge PRINTED NAME	Ross R. Ronan PRINTED NAME
Chief Financial Officer PRINTED TITLE	Chief Compliance Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this 27th day of June, 2018	Notarization: Subscribed and sworn to before me this 27th day of June, 2018
Signature of Notary	Signature of Notary
Seal KAY C. GIBSON STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY MY COMMISSION EXPIRES 3-3-2020	Seal KAY C. GIBSON STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY MY COMMISSION EXPIRES 3-3-2020

*Insert the EXACT legal name of the applicant

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- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Enterprise Parent Holdings Inc.*
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Max Lin PRINTED NAME	Neel Varshney PRINTED NAME
Vice President PRINTED TITLE	Vice President PRINTED TITLE
ML Notarization: Subscribed and sworn to before me this _____ day of _______________	Notarization: Subscribed and sworn to before me this _____ day of _______________
Signature of Notary	Signature of Notary
Seal see attached page	Seal
	AH

*Insert the EXACT legal name of the applicant

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 26th day of June, 20 18, by Neel Varshney and Max Lin ______,
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

ADRIANE HARPER
Notary Public - California
Los Angeles County
Commission # 2172915
My Comm. Expires Nov 20, 2020

(Seal) Signature ______

SECTION II. DISCONTINUATION
NOT APPLICABLE (not a discontinuation)

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Background

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.230 – Purpose of the Project, and Alternatives (Not applicable to Change of Ownership)

PURPOSE OF PROJECT **Not Applicable (change of ownership)**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report.
APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES **Not Applicable (change of ownership)**

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. SERVICE SPECIFIC REVIEW CRITERIA (Neonatal Intensive Care Services Only)
NOT APPLICABLE (No Neonatal Intensive Care Services)

SECTION V. CHANGE OF OWNERSHIP (CHOW)

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.

2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.

3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(2) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X
1130.520(b)(2) - A statement as to the anticipated benefits of	X

the proposed changes in ownership to the community	
1130.520(b)(2) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(2) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(2) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(2) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility	X
1130.520(b)(2)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

Application for Change of Ownership Among Related Persons

When *a change of ownership is among related persons, and there are no other changes being proposed at the health care facility that would otherwise require a permit or exemption under the Act, the applicant shall submit an application consisting of a standard notice in a form set forth by the Board briefly explaining the reasons for the proposed change of ownership.* [20 ILCS 3960/8.5(a)]

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VI. 1120.120 - AVAILABILITY OF FUNDS (Neonatal Intensive Care Services only)

NOT APPLICABLE (No Neonatal Intensive Care Services)

SECTION VII. 1120.130 - FINANCIAL VIABILITY NOT APPLICABLE (Change of Ownership)

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			**Projected**
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 18, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. 1120.140 - ECONOMIC FEASIBILITY
NOT APPLICABLE (change of ownership)

SECTION IX. SAFETY NET IMPACT STATEMENT (DISCONTINUATION ONLY)
NOT APPLICABLE (change of ownership)

SECTION X. CHARITY CARE INFORMATION (CHOW ONLY)

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS

ATTACHMENT 1 – APPLICANT IDENTIFICATION INCLUDING CERTIFICATE OF GOOD STANDING

Attached please find a Certificate of Good Standing for each of the following applicants:

1. Oak Lawn IL Endoscopy ASC, LLC d/b/a Oak Lawn Endoscopy;
2. AmSurg Holdings, Inc.;
3. Envision Healthcare Corporation; and
4. Enterprise Parent Holdings Inc.

File Number 0428216-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

OAK LAWN IL ENDOSCOPY ASC, LLC, A TENNESSEE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON MARCH 20, 2013, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 25TH *day of* JUNE *A.D.* 2018 .

Authentication #: 1817601374 verifiable until 06/25/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "AMSURG HOLDINGS, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SIXTH DAY OF JUNE, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "AMSURG HOLDINGS, INC." WAS INCORPORATED ON THE FOURTEENTH DAY OF JULY, A.D. 2014.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

Jeffrey W. Bullock, Secretary of State

5567812 8300

SR# 20185372720

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202961388

Date: 06-26-18

Attachment 1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ENVISION HEALTHCARE CORPORATION" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SIXTH DAY OF JUNE, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ENVISION HEALTHCARE CORPORATION" WAS INCORPORATED ON THE TENTH DAY OF JUNE, A.D. 2016.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

SECRETARY'S OFFICE DELAWARE

Jeffrey W. Bullock, Secretary of State

6065421 8300

SR# 20185372719

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202961387

Date: 06-26-18

Attachment 1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ENTERPRISE PARENT HOLDINGS INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIFTH DAY OF JUNE, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ENTERPRISE PARENT HOLDINGS INC." WAS INCORPORATED ON THE THIRTY-FIRST DAY OF MAY, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL FRANCHISE TAXES HAVE BEEN ASSESSED TO DATE.

Jeffrey W. Bullock, Secretary of State

6911024 8300

SR# 20185351093

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202953532

Date: 06-25-18

Attachment 1

ATTACHMENT 2 – SITE OWNERSHIP

There will be no change in site ownership as a result of the proposed change in ownership.

ATTACHMENT 3 – PERSONS WITH FIVE PERCENT (5%) OR GREATER INTEREST IN THE LICENSEE MUST BE IDENTIFIED WITH THE OWNERSHIP INTEREST

Oak Lawn IL Endoscopy ASC, LLC d/b/a Oak Lawn Endoscopy ("Oak Lawn Endoscopy") will continue to be the licensed entity. A Certificate of Good Standing and current license for Oak Lawn are attached.

AmSurg Holdings, Inc. has a fifty-one percent (51%) interest in Oak Lawn Endoscopy. The remaining forty-nine percent (49%) is owned by individual physician investors. No such physician investor owns five percent (5%) or more of Oak Lawn Endoscopy.

File Number 0428216-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

OAK LAWN IL ENDOSCOPY ASC, LLC, A TENNESSEE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON MARCH 20, 2013, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 25TH *day of* JUNE *A.D.* 2018 .

Authentication #: 1817601374 verifiable until 06/25/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 3

HF 115613

Illinois Department of
PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
5/31/2019		7003179

Ambulatory Surgery Treatment Center

Effective: 06/01/2018

Oak Lawn IL Endoscopy ASC LLC
dba Oak Lawn Endoscopy Center
9921 Southwest Highway

Oak Lawn, IL 60453

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 8M 5/18

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 5/31/2019
Lic Number 7003179

Date Printed 4/16/2018

Oak Lawn IL Endoscopy ASC LLC
dba Oak Lawn Endoscopy Center
9921 Southwest Highway
Oak Lawn, IL 60453

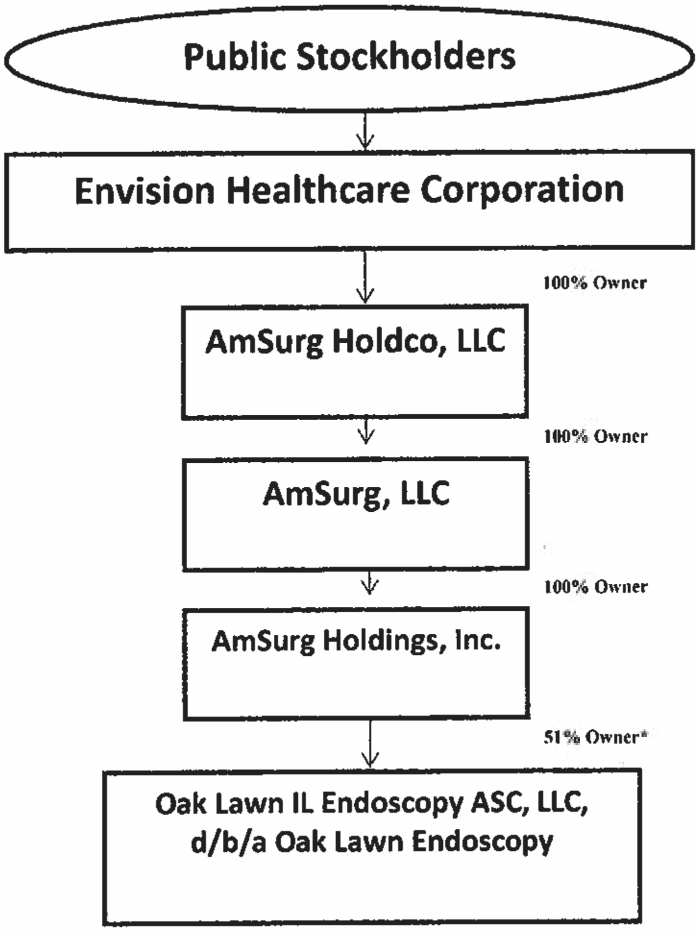
FEE RECEIPT NO.

Attachment 3

ATTACHMENT 4 – ORGANIZATIONAL CHARTS

Organizational charts showing the current interest structure of Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center ("Oak Lawn Endoscopy") and the post-change of ownership interest structure of Oak Lawn Endoscopy are attached.

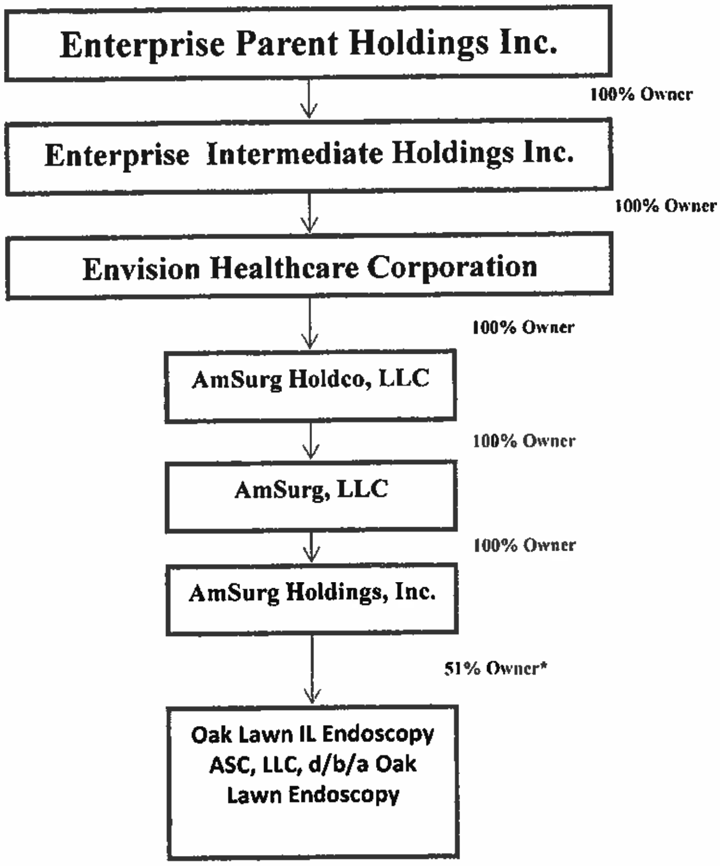
Organizational Chart Pre-Change of Ownership



*The remaining 49% of Oak Lawn Endoscopy is owned by physician investors.

Attachment 4

Organizational Chart Post-Closing



*The remaining 49% of Oak Lawn Endoscopy will still be owned by physician investors.

Attachment 4

ATTACHMENT 11 – BACKGROUND OF THE APPLICANT

1. **A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.**

A list of all the Illinois health care facilities owned or operated by the applicants, including licensing, is included below. Enterprise Parent Holdings Inc. currently owns no health care facilities (as that term is defined in the Health Facilities Planning Act) in Illinois.

Envision Healthcare Corporation and its indirect subsidiary AmSurg Holdings, Inc. have an ownership interest of fifty-one percent (51%) in the following licensed entities.

FACILITY	LOCATION	LICENSE NO.
Oak Lawn IL Endoscopy ASC, LLC d/b/a Oak Lawn Endoscopy	Oak Lawn	7003179
Glen Endoscopy Center LLC d/b/a Glen Endoscopy Center	Glenview	7003174
The Lake Bluff IL Endoscopy ASC LLC d/b/a North Shore Endoscopy Center	Lake Bluff	7002926

2. **A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.**

By their signatures on the Certification pages to this application, each of the applicants attest that no adverse action has been taken against any facility owned and/or operated by them during the three (3) years prior to the filing of this application.

3. **Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB**

By their signatures to the Certification pages to this application, each of the applicants authorize HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

4. **If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.**

All of the above-listed facilities are included in the series of applications that the applicants are currently submitting to the Illinois Health Facilities and Services Review Board. To reduce paperwork, the Merger Agreement and the Securities Exchange Commission Form 10-K for Envision Healthcare Corporation are included only in the application for Oak Lawn Endoscopy.

ATTACHMENT 15 – CHANGE OF OWNERSHIP

1. **Section 1130.520(b)(l)(A) Names of the parties**

The parties named as applicants are:

a. Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center, the entity that currently holds and will continue to hold the license;
b. AmSurg Holdings, Inc., which meets the definition of "control" found in Section 1130.40 through its majority ownership of the licensed entity;
c. Envision Healthcare Corporation, which has final "control" (as defined by Section 1130.40) of the licensed entity prior to the change of ownership; and
d. Enterprise Parent Holdings Inc., which has final "control" (as defined by Section 1130.40) of the licensed entity following the change of ownership.

Organizational charts showing the current interest structure of Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center ("Oak Lawn Endoscopy") and the post-change of ownership interest structure of Oak Lawn Endoscopy are included in ATTACHMENT 4.

2. **Section 1130.520(b)(1)(B) Background of the parties**

Each of the applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able, and have the qualifications, background, and character to adequately provide a proper standard of health service for the community.

By their signatures on the Certification pages to this application, each of the applicants attest that no adverse action has been taken against any facility owned and/or operated by each of them during the three (3) years prior to the filing of this application.

The Certificates of Good Standing for the applicants are attached to ATTACHMENT 1.

3. **Section 1130.520(b)(l)(C) Structure of transaction**

On June 10, 2018, Envision Healthcare Corporation, a Delaware corporation ("Envision"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Enterprise Parent Holdings Inc., a Delaware corporation (the "Parent"), and Enterprise Merger Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of the Parent (the "Merger Sub").The transaction ("Proposed Transaction") is summarized in the SEC Form 8-K attached as Appendix A to the Oak Lawn Endoscopy application. A copy of the executed Merger Agreement is attached as Appendix B to the Oak Lawn Endoscopy application.

Envision is, and will continue to be after the completion of the Proposed Transaction, the one hundred percent (100%) owner of AmSurg Holdings, Inc., a Delaware corporation ("AmSurg"). AmSurg owns fifty-one percent (51%) of three ambulatory surgical treatment centers in Illinois: (i) the Lake Bluff IL Endoscopy ASC, LLC, d/b/a North Shore Endoscopy Center in Lake Bluff, Illinois, (ii) the Oak Lawn IL Endoscopy ASC, LLC d/b/a Oak Lawn Endoscopy Center in Oak Lawn, Illinois, and (iii) the Glen Endoscopy Center, LLC in Glenview, Illinois (collectively, the "ASTCs"). The remaining forty-nine percent (49%) of the ASTCs is owned by participating physicians, either individually or collectively as a separate limited liability company. AmSurg and the participating physicians will maintain the same ownership interest in the ASTCs after the Proposed Transaction.

The Proposed Transaction will not change operational control of the ASTCs because board action for each ASTC requires a majority vote and the board of each facility consists of fifty percent (50%) representation from AmSurg and fifty percent (50%) representation by the participating physicians. Consequently, AmSurg cannot independently control board action apart from the participating physicians. These exemption applications are being submitted because AmSurg has a fifty-one percent (51%) interest in each ASTC.

The Merger Agreement provides, among other things and subject to the terms and conditions set forth therein and the approval of the Review Board, that the Merger Sub will be merged with and into Envision, with Envision continuing as the surviving corporation and as an indirect wholly owned subsidiary of the Parent. Each share of common stock, par value $0.01 per share, of Envision (the "Common Stock") outstanding immediately prior to the effective time of the Proposed Transaction (the "Effective Time") (other than shares of Common Stock owned by Envision in treasury, Parent, Merger Sub, any wholly owned subsidiary of Parent or Merger Sub or any subsidiary of Envision, and shares of Common Stock owned by stockholders of Envision who have not voted in favor of the adoption of the Merger Agreement and have properly exercised appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware) will at the Effective Time automatically be cancelled and converted into the right to receive $46.00 in cash, without interest, subject to applicable withholding taxes.

The Proposed Transaction will not result in changes to any of the federal tax identification numbers of any of the applicants. Moreover, there will be no change in the locations of the ASTCs, nor to the assets, personnel, policies and procedures, operations, or services provided by the ASTCs.

The applicants anticipate closing the Proposed Transaction in fourth quarter of 2018, approximately on October 8, 2018, or as soon as practicable pending required approvals.

4. **Section 1130.520(b)(1)(D) Name of the person who will be licensed or certified entity after the transaction**

There will be no change in the licensed entity as a consequence of the Proposed Transaction. The licensee will remain Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center.

5. **Section 1130.520(b)(1)(E) List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons**

Organizational charts showing the current interest structure of Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center ("Oak Lawn Endoscopy") and the post-change of ownership interest structure of Oak Lawn Endoscopy are included in ATTACHMENT 4.

6. **Section 1130.520(b)(1)(F) Fair market value of assets to be transferred**

The estimated value of the Proposed Transaction is approximately $9.9 billion. The fair market value of each of the Illinois ASTCs based on: (i) a 10.9x multiple, which is the multiple of historical earnings before interest, tax, depreciation, and amortization ("EBITDA") in the Proposed Transaction, and (ii) the EBITDA of the ASTCs for the last twelve months ending on March 31, 2018:

Oak Lawn Endoscopy: $41,802,873
North Shore Endoscopy; $15,618,261
Glen Endoscopy: $30,722,402

7. **Section 1130.520(b)(1)(G) The purchase price or other forms of consideration to be provided for those assets**

Each share of common stock, par value $0.01 per share, of Envision (the "Common Stock") outstanding immediately prior to the effective time of the Proposed Transaction (the "Effective Time") (other than shares of Common Stock owned by Envision in treasury, Parent, Merger Sub, any wholly owned subsidiary of Parent or Merger Sub or any subsidiary of Envision, and shares of Common Stock owned by stockholders of Envision who have not voted in favor of the adoption of the Merger Agreement and have properly exercised appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware) will at the Effective Time automatically be cancelled and converted into the right to receive $46.00 in cash, without interest, subject to applicable withholding taxes. The estimated value of the Proposed Transaction is approximately $9.9 billion.

As set forth in the SEC Form 8-K included as Appendix A, the financing for the proposed transaction by Enterprise Parent Holdings, Inc. (Parent) is as follows:

> "*Parent Financing*
>
> Parent has obtained equity and debt financing commitments for the purpose of financing the transactions contemplated by the Merger Agreement and paying related fees and expenses. KKR Americas Fund XII L.P. has committed to capitalize Parent, immediately prior to the Effective Time, with an aggregate equity contribution of up to $3.5 billion subject to the terms and conditions set forth in an equity commitment letter.
>
> Credit Suisse, Citigroup, Morgan Stanley, Barclays, Goldman Sachs, Jefferies, UBS Investment Bank, RBC, HSBC, Mizuho and KKR Capital Markets (together with certain of their affiliates, the "Lenders") have agreed to provide Parent with debt financing in an aggregate principal amount of up to $8.05 billion on the terms set forth in a debt commitment letter. The obligations of the Lenders to provide debt financing under the debt commitment letter are subject to customary conditions."

The most recent Form 10-K of Envision Healthcare Corporation is included as Appendix C to the Oak Lawn Endoscopy Application.

8. **Section 1130.520(b)(2) Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section**

In accordance with 77 Ill. Adm. Code §1130.520, each of the applicants, by their signatures to the Certification pages of this application affirm that any projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Adm. Code §1130.520.

9. **Section 1130.520(b)(2) A statement as to the anticipated benefits of the proposed changes in ownership to the community**

There is no change in operation anticipated as a consequence of the Proposed Transaction.

10. **Section 1130.520(b)(2) The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership**

There is no change in operation anticipated as a consequence of the Proposed Transaction.

11. **Section 1130.520(b)(2) A description of the facility's quality improvement program mechanism that will be utilized to assure quality control**

There is no change in operation anticipated as a consequence of the Proposed Transaction.

12. **Section 1130.520(b)(2) A description of the selection process that the acquiring entity will use to select the facility's governing body**

There is no change in operation anticipated as a consequence of the Proposed Transaction.

13. **Section 1130.520(b)(2) A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility**

The applicants have or will prepare a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 that will be available for public review at the facility.

14. Section 1130.520(b)(2) A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition

There are no proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months as a result of the Proposed Transaction.

ATTACHMENT 21 – CHARITY CARE INFORMATION

The applicants will not implement any less restrictive charity care policy for the facility for the immediate period following the closing of the Proposed Transaction.

Information regarding the applicants' facilities' charity care is as follows:

Oak Lawn Endoscopy Center

CHARITY CARE			
	2016	**2015**	**2014**
Net Patient Revenue	4,282,793	4,168,330	3,588,471
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care	0	0	0

Glen Endoscopy Center

CHARITY CARE			
	2016	**2015**	**2014**
Net Patient Revenue	4,370,261	3,750,590	3,936,855
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care	0	0	0

North Shore Endoscopy Center

CHARITY CARE			
	2016	**2015**	**2014**
Net Patient Revenue	2,956,204	2,880,208	2,918,034
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care	0	0	0

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 10, 2018

Envision
HEALTHCARE

ENVISION HEALTHCARE CORPORATION
(Exact name of Registrant as Specified in its Charter)

Delaware	**001-37955**	**62-1493316**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1A Burton Hills Boulevard **Nashville, Tennessee**	**37215**
(Address of Principal Executive Offices)	(Zip Code)

(615) 665-1283
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Appendix A

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

Merger Agreement

On June 10, 2018, Envision Healthcare Corporation, a Delaware corporation (the "Company"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Enterprise Parent Holdings Inc., a Delaware corporation ("Parent"), and Enterprise Merger Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Merger Sub").

The Merger Agreement provides, among other things and subject to the terms and conditions set forth therein, that Merger Sub will be merged with and into the Company (the "Merger"), with the Company continuing as the surviving corporation and as an indirect wholly owned subsidiary of Parent. The Merger Agreement provides that each share of common stock, par value $0.01 per share, of the Company ("Common Stock") outstanding immediately prior to the effective time of the Merger (the "Effective Time") (other than shares of Common Stock owned by the Company in treasury, Parent, Merger Sub, any wholly owned subsidiary of Parent or Merger Sub or any subsidiary of the Company, and shares of Common Stock owned by stockholders of the Company who have not voted in favor of the adoption of the Merger Agreement and have properly exercised appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware) will at the Effective Time automatically be cancelled and converted into the right to receive $46.00 in cash, without interest (the "Merger Consideration"), subject to applicable withholding taxes.

Pursuant to the Merger Agreement and except as otherwise agreed between Parent and a holder of a Company equity award, as of the Effective Time, each option to purchase shares of Common Stock and each restricted stock award, restricted stock unit award, and deferred stock unit award that is outstanding immediately prior to the Effective Time will become fully vested (to the extent unvested) and be converted into the right to receive an amount in cash equal to the Merger Consideration in respect of each share of Common Stock underlying such award (less, in the case of options, the applicable exercise price). Each performance stock unit award that is outstanding immediately prior to the Effective Time will be cancelled and converted into the right to receive an amount in cash equal to the product of (a) the total number of shares of Common Stock subject to such award immediately prior to the Effective Time (assuming target performance) and (b) the Merger Consideration, payable on such award's original vesting date, subject to the holder's continued service through the payment date. Except as otherwise provided in the Merger Agreement, such cash amounts will have vesting and payment terms and conditions that are the same as the vesting and payment terms applicable to the corresponding performance stock unit award.

The Company's board of directors (the "Company Board") has unanimously determined that it is fair to and in the best interests of the Company and its stockholders, and declared it advisable, to enter into the Merger Agreement and approved the execution, delivery and performance of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger, and unanimously resolved to recommend that the stockholders of the Company vote to adopt the Merger Agreement.

The obligation of the parties to complete the Merger is subject to customary closing conditions, including, among others:

- the adoption of the Merger Agreement by the holders of a majority of the outstanding shares of Common Stock (the "Company Stockholder Approval");
- the absence of any law, order or injunction of a court of competent jurisdiction or governmental entity prohibiting the consummation of the Merger;
- the expiration or earlier termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act");
- the accuracy of the representations and warranties contained in the Merger Agreement (generally subject to certain materiality qualifiers); and
- the performance in all material respects by the parties of their respective obligations required by the Merger Agreement to be performed prior to the Effective Time.

In addition, the Merger Agreement provides that, without Parent's prior written consent, the closing of the Merger (the "Closing") may not occur until the earlier of (a) October 8, 2018 or (b) the receipt by the Company of a limited number of specified state healthcare-related approvals.

The Merger Agreement contains certain termination rights, including, among others:

- the right of either party to terminate the Merger Agreement if the Merger is not consummated on or before December 10, 2018, provided that if as of such date (a) all closing conditions are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to such conditions being capable of being satisfied at the Closing) and the marketing period for Parent's debt financing has not been completed, or (b) all closing conditions are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to such conditions being capable of being satisfied at the Closing) except those relating to clearance under the HSR Act or a legal restraint relating to U.S. antitrust law, in each case, such date will be automatically extended for up to two consecutive 60-day periods;

- the right of the Company to terminate the Merger Agreement (a) if the conditions to Parent's and Merger Sub's obligations to consummate the Closing have been satisfied or waived at the time the Closing is required to have occurred pursuant to the Merger Agreement (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), Parent fails to consummate the Closing by the date that is two business days after the first date upon which Parent is required to consummate the Closing pursuant to the Merger Agreement, and the Company has irrevocably confirmed to Parent in writing that it is prepared to consummate the Closing and that at all times during such two-business day period the Company stood ready, willing and able to consummate the Closing; or (b) prior to obtaining the Company Stockholder Approval in order to enter into a definitive agreement providing for a "Superior Proposal" (as defined in the Merger Agreement) if the Company has complied with certain obligations under the Merger Agreement and paid the Company Termination Fee (defined below) prior to or concurrently with such termination; and

- the right of Parent to terminate the Merger Agreement (a) prior to obtaining the Company Stockholder Approval if the Company Board changes its recommendation in favor of the Merger or (b) the Company or any of its subsidiaries enters into any letter of intent or agreement providing for an alternative acquisition proposal or the Company Board has authorized or approved the execution of an alternative acquisition proposal.

The Merger Agreement provides that, upon termination of the Merger Agreement under certain specified circumstances, the Company will be required to pay Parent a termination fee of $167 million (the "Company Termination Fee"), and under other specified circumstances, Parent will be required to pay the Company a termination fee of $275 million (the "Parent Termination Fee").

The Company has made customary representations, warranties and covenants in the Merger Agreement, including, among others, covenants:

- to conduct its business in all material respects in the ordinary course consistent with past practice during the period between the date of the Merger Agreement and the Closing, and not to engage in specified types of transactions during this period, subject to certain exceptions;
- to convene a meeting of its stockholders for the purpose of obtaining the Company Stockholder Approval; and
- not to solicit alternative acquisition proposals, and subject to certain exceptions, not to engage in discussions or negotiations with respect to such proposals or provide non-public information in connection with such proposals.

The Company Board has committed to recommend that the Company's stockholders adopt the Merger Agreement and may not withdraw, qualify or modify in a manner adverse to Parent such recommendation or take certain similar actions; provided, however, that the Company may, prior to the time the Company Stockholder Approval is obtained, change such recommendation in connection with a "Superior Proposal" or "Intervening Event" (each as defined in the Merger Agreement), and in the case of a Superior Proposal, terminate the Merger Agreement, if the Company complies with certain notice and other requirements set forth in the Merger Agreement, including the payment of the Company Termination Fee.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, which is attached hereto as Exhibit 2.1 and is incorporated by reference herein.

The Merger Agreement has been included to provide investors with information regarding its terms. It is not intended to provide any other factual information about the Company, Parent, Merger Sub or their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the Merger Agreement were made only for purposes of the Merger Agreement as of the specific dates therein, were solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk among the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties thereto or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be reflected in the Company's public disclosures. The Merger Agreement should not be read alone, but should instead be read in conjunction with the other information regarding the Company, Parent and Merger Sub and the transactions contemplated by the Merger Agreement that will be contained in or attached as an annex to the proxy statement that the Company will file in connection with the transactions contemplated by the Merger Agreement, as well as in the other filings that the Company will make with the U.S. Securities and Exchange Commission (the "SEC"). The Company acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this Form 8-K not misleading.

If the Merger is consummated, the Company's common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934.

Parent Financing

Parent has obtained equity and debt financing commitments for the purpose of financing the transactions contemplated by the Merger Agreement and paying related fees and expenses. KKR Americas Fund XII L.P. has committed to capitalize Parent, immediately prior to the Effective Time, with an aggregate equity contribution of up to $3.5 billion subject to the terms and conditions set forth in an equity commitment letter.

Credit Suisse, Citigroup, Morgan Stanley, Barclays, Goldman Sachs, Jefferies, UBS Investment Bank, RBC, HSBC, Mizuho and KKR Capital Markets (together with certain of their affiliates, the "Lenders") have agreed to provide Parent with debt financing in an aggregate principal amount of up to $8.05 billion on the terms set forth in a debt commitment letter. The obligations of the Lenders to provide debt financing under the debt commitment letter are subject to customary conditions.

Limited Guarantee

Concurrently with the execution of the Merger Agreement, KKR Americas Fund XII L.P. entered into a limited guarantee with the Company, pursuant to which it agreed to guarantee Parent's obligations to pay, if due, the Parent Termination Fee and certain other specified payments under the Merger Agreement, subject to the terms and conditions set forth in the limited guarantee.

Additional Information and Where to Find It

This communication relates to the proposed merger transaction involving the Company. In connection with the proposed merger, the Company will file relevant materials with the SEC, including the Company's proxy statement on Schedule 14A and accompanying definitive white proxy card (the "Proxy Statement"). This communication is not a substitute for the Proxy Statement or any other document that the Company may file with the SEC or send to its stockholders in connection with the proposed merger. BEFORE MAKING ANY VOTING DECISION, STOCKHOLDERS OF THE COMPANY ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT, WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain the documents (when available) free of charge at the SEC's website, http://www.sec.gov, and the Company's website, www.evhc.net.

Participants in the Solicitation

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the holders of Common Stock in respect of the proposed transaction. Information about the directors and executive officers of the Company is set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 1, 2018, as amended by the Company's Annual Report on Form 10-K/A filed with the SEC on April 30, 2018. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the Proxy Statement and other relevant materials to be filed with the SEC in respect of the proposed transaction.

Forward-Looking Statements

Certain statements and information in this communication may be deemed to be "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to the proposed transaction, the Company's financial and operating objectives, plans and strategies, industry trends, and all statements (other than statements of historical fact) that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by the Company's management in light of their experience and their perception of historical trends, current conditions, expected future developments, and other factors they believe to be appropriate. Any forward-looking statements in this communication are made as of the date hereof, and the Company undertakes no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance. Whether actual results will conform to expectations and predictions is subject to known and unknown risks and uncertainties, including: (i) risks and uncertainties discussed in the reports and other documents that the Company files with the SEC; (ii) risks related to the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; (iii) the failure to obtain Company stockholder approval of the transaction or required regulatory approvals or the failure to satisfy any of the other conditions to the completion of the transaction; (iv) the effect of the announcement of the transaction on the ability of the Company to retain and hire key personnel and maintain relationships with its customers, suppliers, partners and others with whom it does business, or on its operating results and businesses generally; (v) risks associated with the disruption of management's attention from ongoing business operations due to the transaction; (vi) the ability to meet expectations regarding the timing and completion of the transaction; (vii) general economic, market, or business conditions; (viii) the impact of legislative or regulatory changes, such as changes to the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010; (ix) changes in governmental reimbursement programs; (x) decreases in revenue and profit margin under fee-for-service contracts due to changes in volume, payor mix and reimbursement rates; (xi) the loss of existing contracts; and (xii) other circumstances beyond the Company's control.

Appendix A

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
2.1	Agreement and Plan of Merger, dated as of June 10, 2018, by and among Enterprise Parent Holdings Inc., Enterprise Merger Sub Inc. and Envision Healthcare Corporation. *

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the U.S. Securities and Exchange Commission upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

INDEX TO EXHIBITS

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* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the U.S. Securities and Exchange Commission upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Envision Healthcare Corporation

By: /s/ Kevin D. Eastridge
Kevin D. Eastridge

Executive Vice President and Chief Financial Officer

Date: June 13, 2018

Appendix A

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

ENTERPRISE PARENT HOLDINGS INC.,

ENTERPRISE MERGER SUB INC.

and

ENVISION HEALTHCARE CORPORATION

Dated as of June 10, 2018

Appendix B

TABLE OF CONTENTS

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

ARTICLE 5

COVENANTS AND AGREEMENTS

ARTICLE 6

CONDITIONS TO THE MERGER

ARTICLE 7

TERMINATION

ARTICLE 8

MISCELLANEOUS

AGREEMENT AND PLAN OF MERGER, dated as of June 10, 2018 (this "Agreement"), by and among Enterprise Parent Holdings Inc., a Delaware corporation ("Parent"), Enterprise Merger Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Merger Sub"), and Envision Healthcare Corporation, a Delaware corporation (the "Company").

WITNESSETH:

WHEREAS, Parent desires to acquire the Company on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in furtherance of such acquisition of the Company by Parent, and on the terms and subject to the conditions set forth in this Agreement and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), Merger Sub shall be merged with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent;

WHEREAS, the Board of Directors of the Company (the "Board of Directors") unanimously has (a) determined that it is fair to and in the best interests of the Company and its stockholders, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Merger, and (c) resolved to recommend adoption of this Agreement by the stockholders of the Company;

WHEREAS, the boards of directors of Parent and Merger Sub have approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Merger, and declared it advisable for Parent and Merger Sub, respectively, to enter into this Agreement;

WHEREAS, the sole stockholder of Merger Sub has adopted this Agreement; and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements specified herein in connection with this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, Parent, Merger Sub and the Company agree as follows:

ARTICLE 1

THE MERGER

Section 1.1 The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, at the Effective Time, Merger Sub shall merge with and into the Company, the separate corporate existence of Merger Sub shall cease and the Company shall continue its corporate existence under Delaware law as the surviving

Appendix B

corporation in the Merger (the "Surviving Corporation") and an indirect wholly owned Subsidiary of Parent.

Section 1.2 Closing. The closing of the Merger (the "Closing") shall take place (a) at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019, at 10:00 a.m., local time, on the third Business Day after the satisfaction or waiver (to the extent permitted by applicable Law) of the conditions set forth in Article 6 so long as such conditions set forth in Article 6 remain satisfied or waived on such third Business Day (other than those conditions that by their nature are to be satisfied by actions to be taken at the Closing, but subject to the satisfaction or waiver of such conditions); provided that, if the Marketing Period has not ended at the time of the satisfaction or waiver of the conditions set forth in Article 6 (other than those conditions that by their nature are to be satisfied by actions to be taken at the Closing, but subject to the satisfaction or waiver of such conditions), the Closing shall occur on the date following the satisfaction or waiver of such conditions that is the earlier to occur of (i) any Business Day as may be specified by Parent on no less than three Business Days' prior written notice to the Company and (ii) the third Business Day following the final day of the Marketing Period, or, if later, the day the Closing would otherwise be required to occur pursuant to this Section 1.2; provided, further, that in no event shall the Closing under this clause (a) occur prior to the expiration of the Healthcare Approval Waiting Period without Parent's prior written consent, or (b) at such other place, time and date as the Company and Parent may agree in writing. The date on which the Closing actually occurs is referred to as the "Closing Date."

Section 1.3 Effective Time. Subject to the provisions of this Agreement, at the Closing, the Company shall cause a certificate of merger (the "Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with Section 251 of the DGCL. The Merger shall become effective at such time as the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later date or time as may be agreed by the Company and Merger Sub and specified in the Certificate of Merger in accordance with the DGCL (the effective time of the Merger being hereinafter referred to as the "Effective Time").

Section 1.4 Effects of the Merger. The Merger shall have the effects set forth in this Agreement and the applicable provisions of the DGCL.

Section 1.5 Organizational Documents of the Surviving Corporation. Subject to Section 5.10, at the Effective Time: (a) the certificate of incorporation of the Company as in effect immediately prior to the Effective Time shall be amended and restated in its entirety to read as set forth in Annex I attached hereto, and as so amended and restated, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with the DGCL and such certificate of incorporation; and (b) the bylaws of Merger Sub as in effect immediately prior to the Effective Time (but amended so that the name of the Surviving Corporation shall be "Envision Healthcare Corporation"), as so amended, shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with the DGCL and such bylaws.

Section 1,6 Directors of the Surviving Corporation. Subject to applicable Law, the directors of Merger Sub as of immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, incapacitation, retirement, resignation or removal.

Section 1.7 Officers of the Surviving Corporation. The officers of the Company as of immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, incapacitation, retirement, resignation or removal.

ARTICLE 2

CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES

Section 2.1 Effect on Capital Stock.

(a) At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Merger Sub or the holders of any securities of the Company or Merger Sub:

(i) Conversion of Common Stock. Each share of common stock, par value $0.01 per share, of the Company (such shares, collectively, the "Common Stock," and each, a "Share") that is outstanding immediately prior to the Effective Time, but excluding Excluded Shares and Dissenting Shares, shall be converted automatically into the right to receive $46.00 per Share in cash, without interest (the "Merger Consideration"). All Shares that have been converted into the right to receive the Merger Consideration as provided in this Section 2.1(a) shall be automatically cancelled upon the conversion thereof and shall cease to exist, and the holders of Book-Entry Shares or Certificates that immediately prior to the Effective Time represented such Shares shall cease to have any rights with respect to such Shares other than the right to receive the Merger Consideration upon surrender of Book-Entry Shares or Certificates in accordance with Section 2.2.

(ii) Treatment of Excluded Shares. Each Share that is directly owned by the Company as treasury stock or otherwise, or by Parent or Merger Sub, or by any wholly owned Subsidiary of Parent or Merger Sub, immediately prior to the Effective Time (the "Cancelled Shares") shall be cancelled and shall cease to exist, and no consideration shall be delivered in exchange therefor. Each Share that is owned by any direct or indirect Subsidiary of the Company shall remain outstanding and automatically be converted into such number of shares of common stock of the Surviving Corporation so as to maintain the same relative ownership percentages (each such Share, together with the Cancelled Shares, the "Excluded Shares").

(iii) Conversion of Merger Sub Common Stock. Each share of common stock, par value $0.01 per share, of Merger Sub outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation (other than Shares converted into shares of common stock of the Surviving Corporation pursuant to the last sentence of Section 2.1(a)(ii)). From and after the Effective Time, all certificates representing the common stock of Merger Sub shall be deemed for all purposes to represent the number of shares of common stock of the Surviving Corporation into which they were converted in accordance with the immediately preceding sentence.

(b) Dissenters' Rights. Any provision of this Agreement to the contrary notwithstanding, if required by the DGCL (but only to the extent required thereby), Shares that are issued and outstanding immediately prior to the Effective Time (other than the Cancelled Shares) and that are held by holders of such Shares who have not voted in favor of the adoption of this Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the DGCL with respect to any such Shares held by any such holder (the "Dissenting Shares") shall not be converted into the right to receive the Merger Consideration, and holders of such Dissenting Shares shall be entitled to receive payment of the fair value of such Dissenting Shares in accordance with the provisions of such Section 262, unless and until any such holder fails to perfect or effectively withdraws or loses its rights to appraisal and payment under the DGCL. If, after the Effective Time, any such holder fails to perfect or effectively withdraws or loses such rights, such Dissenting Shares will thereupon be treated as if they had been converted into, at the Effective Time, the right to receive the Merger Consideration, without any interest thereon, and the Surviving Corporation shall remain liable for payment of the Merger Consideration for such Shares. At the Effective Time, any holder of Dissenting Shares shall cease to have any rights with respect thereto, except the rights provided in Section 262 of the DGCL and as provided in the previous sentence. The Company shall give Parent (i) prompt written notice of any demands received by the Company for appraisals of Shares, withdrawals of such demands and any other instruments relating to appraisal demands received by the Company pursuant to Section 262 of the DGCL and (ii) the opportunity to participate in and direct and control all negotiations and proceedings with respect to such demands; provided that, after the date hereof until the Effective Time, Parent shall reasonably consult with the Company with respect to such negotiations and proceedings. The Company shall not, except with the prior written consent of Parent, and prior to the Effective Time Parent shall not, except with the prior written consent of the Company, make any payment with respect to any demands for appraisal or offer to settle or settle any such demands or waive any failure to timely deliver a written demand for appraisal or otherwise to comply with Section 262 of the DGCL.

(c) Certain Adjustments. If, between the date of this Agreement and the Effective Time, the outstanding Shares of the Company shall have been changed into a different number of shares or a different class of shares by reason of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares, the Merger Consideration shall be equitably adjusted, without duplication, to proportionally reflect such change.

Section 2.2 Exchange of Certificates.

(a) Paying Agent. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with a U.S. bank or trust company that shall be appointed to act as a paying agent hereunder and approved in advance by the Company in writing (the "Paying Agent"), in trust for the benefit of holders of the Shares, cash in U.S. dollars sufficient to pay the aggregate Merger Consideration in exchange for all of the Shares outstanding immediately prior to the Effective Time (other than the Excluded Shares and Dissenting Shares), payable upon due surrender of the certificates that, immediately prior to the Effective Time, represented Shares ("Certificates") (or effective affidavits of loss in lieu thereof) or noncertificated Shares represented by book-entry ("Book-Entry Shares") pursuant to the provisions of this Article 2 (such cash being hereinafter referred to as the "Exchange Fund").

(b) Payment Procedures.

(i) As soon as reasonably practicable after the Effective Time and in any event not later than the second Business Day following the Closing Date, Parent shall cause the Paying Agent to mail to each holder of record of Shares whose Shares were converted into the right to receive the Merger Consideration pursuant to Section 2.1, (A) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to Certificates shall pass, only upon delivery of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares to the Paying Agent and shall be in such form and have such other provisions as Parent and the Company may mutually reasonably agree), and (B) instructions for use in effecting the surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares in exchange for the Merger Consideration.

(ii) Upon surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares to the Paying Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or, in the case of Book-Entry Shares, receipt of an "agent's message" by the Paying Agent, and such other documents as may customarily be required by the Paying Agent, the holder of such Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares shall be entitled to receive in exchange therefor an amount in cash equal to the product of (x) the number of Shares represented by such holder's properly surrendered Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares and (y) the Merger Consideration. No interest shall be paid or accrued on any amount payable upon due surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares. In the event of a transfer of ownership of Shares that is not registered in the transfer records of the Company, payment upon due surrender of the Certificate may be paid to such a transferee if the Certificate formerly representing such Shares is presented to the Paying Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer Taxes have been paid or are not applicable.

(iii) The Paying Agent, the Company, Parent and Merger Sub, as applicable, shall be entitled to deduct and withhold from any amounts otherwise payable under this Agreement such amounts as are required to be withheld or deducted under the Internal Revenue Code of 1986, as amended (the "Code"), or under any provision of state, local or foreign Tax Law with respect to the making of such payment. To the extent that amounts are so deducted or withheld and paid over to the relevant Governmental Entity, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was made.

(c) Closing of Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates or Book-Entry Shares are presented to the Surviving Corporation or the Paying Agent for transfer or any other reason, the holder of any such Certificates or Book-Entry Shares shall be given a copy of the letter of transmittal referred to in Section 2.2(b) and instructed to comply with the instructions in that letter of transmittal in order to receive the cash to which such holder is entitled pursuant to this Article 2.

(d) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains undistributed to the former holders of Shares on the first anniversary of the Effective Time shall thereafter be delivered to the Surviving Corporation upon demand, and any former holders of Shares who have not surrendered their Shares in accordance with this Article 2 shall thereafter look only to the Surviving Corporation for payment of their claim for the Merger Consideration, without any interest thereon, upon due surrender of their Shares.

(e) No Liability. Anything herein to the contrary notwithstanding, none of the Company, Parent, Merger Sub, the Surviving Corporation, the Paying Agent or any other Person shall be liable to any former holder of Shares for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(f) Investment of Exchange Fund. The Paying Agent shall invest all cash included in the Exchange Fund as reasonably directed by Parent; provided, however, that any investment of such cash shall be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government; provided, further, that no such investment or loss thereon shall affect the amounts payable to holders of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares pursuant to this Article 2, and following any losses from any such investment, Parent shall promptly provide additional funds to the Paying Agent for the benefit of the holders of Shares of the Company. Any interest and other income resulting from such investments shall be paid to Parent or the Surviving Corporation.

(g) Lost Certificates. In the case of any Certificate that has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent or the Paying Agent, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent shall issue in exchange for such lost, stolen or destroyed Certificate a check in the amount of the number of Shares represented by such lost, stolen or destroyed Certificate *multiplied by* the Merger Consideration.

Section 2.3 Treatment of Company Equity Awards.

(a) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Options with respect to such holder's Company Options, each option to purchase Shares (each, a "Company Option"), whether vested or unvested, that is outstanding as of immediately prior to the Effective Time shall, at the Effective Time, become fully vested and be converted into the right to receive an amount in cash equal to the product of (i) the excess, if any, of the Merger Consideration over the exercise price per Share of such Company Option in effect immediately prior to the Effective Time and (ii) the total number of Shares subject to such Company Option immediately prior to the Effective Time. Parent shall cause the Surviving Corporation or one of its Subsidiaries, as applicable, to pay to the holders of Company Options the cash amounts described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, as promptly as practicable, but in any event no later than the next payroll of the Company, following the Effective Time.

(b) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company RSUs with respect to such holder's Company RSUs, each award of restricted stock units or deferred stock units that corresponds to Shares (each, a "Company RSU"), whether vested or unvested, that is outstanding as of immediately prior to the Effective Time, shall, at the Effective Time, become fully vested and be converted into the right to receive an amount in cash equal to the sum of (i) the product of (A) the total number of Shares subject to such Company RSU immediately prior to the Effective Time and (B) the Merger Consideration and (ii) any accrued but unpaid dividend equivalents with respect to such Company RSU. Parent shall cause the Surviving Corporation or one of its Subsidiaries, as applicable, to pay to the holders of Company RSUs the cash amounts described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, as promptly as practicable, but in any event no later than the next payroll of the Company, following the Effective Time (or such later date as is required by Section 409A of the Code).

(c) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Restricted Shares with respect to such holder's Company Restricted Shares, each Share granted subject to any vesting, forfeiture or other lapse restrictions (each, a "Company Restricted Share") that is outstanding as of immediately prior to the Effective Time, shall, at the Effective Time, become fully vested and be converted into the right to receive an amount in cash equal to the Merger Consideration. Parent shall cause the Surviving Corporation or one of its Subsidiaries, as applicable, to pay to the holders of Company Restricted Shares the cash amounts described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, as promptly as practicable, but in any event no later than the next payroll of the Company, following the Effective Time.

(d) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any award of performance stock units that corresponds to Shares (each, a "Company PSU") with respect to such holder's Company PSUs, each Company PSU that is outstanding as of immediately prior to the Effective Time, shall, at the Effective Time, be cancelled and converted into the right to receive an amount in cash equal to the product of (i) the total number of Shares subject to such Company PSU immediately prior to the Effective Time assuming target performance and (ii) the Merger Consideration (the "Company Performance Share Award Consideration"). The Company Performance Share Award Consideration (A) shall be payable to the holder of the corresponding Company PSU in a single lump sum on the date on which the applicable Company PSU would have otherwise vested (the "Original Company PSU Vesting Date"), subject to such holder's continued service to Parent, the Company or any of their Subsidiaries through the applicable Original Company PSU Vesting Date, and (B) shall otherwise have vesting (including accelerated and retirement vesting, but excluding performance vesting conditions) and payment terms and conditions that are the same as the vesting (including accelerated and retirement vesting, but excluding performance vesting conditions) and payment terms applicable to the corresponding Company PSU. Notwithstanding the immediately preceding sentence, if (and to the extent that) a Company PSU constitutes nonqualified deferred compensation subject to Section 409A of the Code, then Parent shall cause the Surviving Corporation or one of its Subsidiaries to pay the Company Performance Share Award Consideration corresponding to such Company PSU at the earliest time that would not result in the imposition of any Tax or penalty under Section 409A of the Code.

(e) Prior to the Effective Time, the Company, through its Board of Directors or an appropriate committee thereof, shall adopt such resolutions as may reasonably be required in its discretion to effectuate the actions contemplated by this Section 2.3.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Company SEC Documents filed with the SEC not less than two Business Days prior to the date of this Agreement (excluding any forward-looking disclosures contained in the "Forward-Looking Statements" and "Risk Factors" sections of such Company SEC Documents and any other disclosures contained or referenced therein to the extent they are predictive, cautionary or forward-looking in nature) or in the disclosure letter delivered by the Company to Parent concurrently with the execution of this Agreement (the "Company Disclosure Letter") (it being agreed that disclosure of any item in any section or subsection of the Company Disclosure Letter shall be deemed disclosed with respect to any other section or subsection of the Company Disclosure Letter to the extent that the relevance thereof is reasonably apparent on its face), the Company represents and warrants to Parent and Merger Sub as follows:

Section 3.1 Qualification, Organization, Subsidiaries.

(a) Each of the Company and its Subsidiaries is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties, rights and assets and to carry on its business as presently conducted and is qualified or licensed to do business and is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets, rights or properties or conduct of its business requires such qualification or licensing, except (other than with respect to the Company's due organization, valid existence, good standing and corporate power and authority), in each case, as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Section 3.1(b) of the Company Disclosure Letter sets forth a true and complete list of all of the Subsidiaries of the Company together with the jurisdiction of such Subsidiary and the ownership of equity interests of such Subsidiary by the Company or its Subsidiaries. All of the outstanding shares of capital stock or voting securities of, or other equity interests in, each of the Company's Subsidiaries are duly authorized, fully paid and nonassessable, and were not issued in violation of any preemptive right, right of first refusal or similar right and have been validly issued and are owned by the Company, by another Subsidiary of the Company or by the Company and another Subsidiary of the Company, free and clear of all Liens other than restrictions imposed by applicable securities Laws or the organizational documents of any such Subsidiary or any Permitted Liens.

(c) The Company has made available to Parent complete and correct copies of the certificates of incorporation and bylaws (or equivalent organizational documents) of the Company and each of its Significant Subsidiaries, each as amended to the date of this Agreement, and each as so made available is in full force and effect. The Company is not in violation of any provisions of its certificate of incorporation or bylaws. None of the Subsidiaries of the Company are in material violation of any of their respective certificates of incorporation or bylaws (or equivalent organizational documents).

Section 3.2 Capitalization.

(a) The authorized share capital of the Company consists of 100,000,000 Shares and 100,000 shares of preferred stock, par value $0.01 per share (the "Preferred Stock"). As of June 7, 2018, there were (i) 121,254,846 Shares issued and outstanding (including 365,935 Company Restricted Shares) and no shares of Preferred Stock issued and outstanding, (ii) Company Options to purchase an aggregate of 2,306,569 Shares issued and outstanding, (iii) 1,099,971 Shares underlying outstanding Company RSUs and (iv) 861,409 Shares underlying outstanding Company PSUs if performance conditions are satisfied at the target level. All outstanding Shares are, and all Shares issued upon exercise of Company Options or in settlement of Company RSUs or Company PSUs will be when issued, duly authorized, validly issued, fully paid and nonassessable, and are not or will not be, as applicable, subject to and were not or will not be, as applicable, issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. The aggregate amount of accrued but unpaid dividend equivalents with respect to Company RSUs is less than $500,000.

(b) Except (x) as set forth in Section 3.2(a), or (y) as expressly permitted by Section 5.1(b) from the date hereof until the Effective Time with respect to clauses (ii) and (iii) of this Section 3.2(b), there are no (i) shares of the Company's capital stock or other equity interests issued or outstanding as of the date hereof, other than Shares that have become outstanding after June 7, 2018, which were reserved for issuance as of June 7, 2018 as set forth in Section 3.2(a), (ii) outstanding subscriptions, options, warrants, calls, convertible or exchangeable securities or other rights, agreements or commitments of any kind to which the

Company or any of the Company's Subsidiaries is a party obligating the Company or any of the Company's Subsidiaries to (A) issue, transfer or sell any shares of capital stock or other equity interests of the Company or any Subsidiary of the Company or securities convertible into, exercisable for or exchangeable for such shares or equity interests (other than with respect to the Affiliated Medical Groups, their respective Stock Transfer Agreements), (B) grant, extend or enter into any such subscription, option, warrant, call, convertible or exchangeable securities or other similar right, agreement or arrangement, (C) redeem or otherwise acquire any such shares of capital stock or other equity interests, (D) provide a material amount of funds to, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Person other than a Subsidiary of the Company or (E) make any payment based on the price or value of any equity interests of the Company or any of its Subsidiaries, (iii) outstanding restricted shares, restricted share units, stock appreciation rights, performance shares, contingent value rights, "phantom" stock or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any equity interests in the Company or any of its Subsidiaries, in each case issued by the Company or any of its Subsidiaries, or (iv) accrued and unpaid dividends with respect to any outstanding shares of the Company's capital stock.

(c) Except for awards to acquire Shares under any equity incentive plan of the Company and its Subsidiaries, neither the Company nor any of its Subsidiaries has outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into, exercisable for or exchangeable for securities having the right to vote) with the stockholders of the Company on any matter.

(d) There are no voting trusts, equityholders agreements or other agreements or understandings to which the Company or any of its Subsidiaries (other than with respect to the Affiliated Medical Groups, their respective Stock Transfer Agreements) is a party (i) with respect to the voting of the capital stock or other equity interest of the Company or any such Subsidiary, (ii) granting any anti-dilutive, preemptive or registration rights or rights of first refusal or other similar rights with respect to any security issued by the Company or any such Subsidiary, (iii) restricting the payment of any dividend or distribution on any equity interest in the Company or any such Subsidiary or (iv) restricting the transfer of any voting securities of, or other equity interests in, the Company or any such Subsidiary.

(e) Except for the voting securities of, and other equity interests in, the Company's Subsidiaries, neither the Company nor any Subsidiary of the Company owns, directly or indirectly, any voting securities of, or other equity interests in, or any interest convertible into or exchangeable or exercisable for, any voting securities of, or other equity interests in, any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity.

Section 3.3 Corporate Authority Relative to This Agreement; No Violation.

(a) The Company has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and, subject to receipt of the Company Stockholder Approval, to consummate the transactions contemplated hereby. The Board of Directors at a duly held meeting unanimously has (i) determined that it is fair to and in the best interests of the Company and its stockholders, and declared it advisable, to enter into this Agreement, (ii) approved the execution, delivery and performance of this Agreement and the consummation of the Merger and the other transactions contemplated hereby, and (iii) resolved to recommend that the stockholders of the Company adopt this Agreement (the "Recommendation") and directed that such matter be submitted for consideration of the stockholders of the Company at the Company Meeting. Except for the Company Stockholder Approval and the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes the valid and binding agreement of Parent and Merger Sub, constitutes the valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) The execution, delivery and performance by the Company of this Agreement and the consummation of the Merger and the other transactions contemplated hereby, by the Company do not and will not require the Company or its Subsidiaries to procure, make or provide any consent, approval, authorization or permit of, action by, filing with or notification to any United States or foreign, state or local governmental or regulatory agency, commission, court, body, entity or authority (each, a "Governmental Entity"), other than (i) the filing of the Certificate of Merger, (ii) compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), (iii) compliance with the applicable requirements of the Exchange Act, including the filing of the Proxy Statement with the SEC, (iv) compliance with the rules and regulations of the NYSE, (v) compliance with any applicable foreign or state securities or blue sky laws and (vi) the other consents, approvals, authorizations, permits, filings and/or notices set forth on Section 3.3(b) of the Company Disclosure Letter (clauses (i) through (vi), collectively, the "Specified Approvals"), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not have, individually or in the aggregate, a Company Material Adverse Effect (provided that subclause (d) in the definition of "Company Material Adverse Effect" shall be disregarded for purposes of this Section 3.3(b)) or prevent or materially delay the consummation of the Merger.

(c) Assuming receipt of the Specified Approvals and the receipt of the Company Stockholder Approval, the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated hereby, do not and will not (i) contravene or conflict with the organizational or governing documents of the Company or any of its Subsidiaries, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to the Company or any of its Subsidiaries or any of their respective properties or assets or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any Contract, instrument, permit, concession, franchise, right or license binding upon the Company or any of its Subsidiaries or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of the Company or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such contravention, conflict, violation, default, termination, cancellation, acceleration, right, loss or Lien that would not have, individually or in the aggregate, a Company Material Adverse Effect (provided that subclause (d) in the definition of "Company Material Adverse Effect" shall be disregarded for purposes of this Section 3.3(c)) or prevent or materially delay the consummation of the Merger.

Section 3.4 Reports and Financial Statements.

(a) The Company has timely filed or furnished all forms, documents and reports required to be filed or furnished by it with the SEC since December 31, 2015 (the "Company SEC Documents"), each of which, in each case as of its date, or, if amended, as finally amended prior to the date of this Agreement, complied as to form in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be, and the applicable rules and regulations promulgated thereunder, as of the date filed with the SEC, and none of the Company SEC Documents as of its date or, if amended, as finally amended prior to the date of this Agreement, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date hereof, there are no outstanding or unresolved comments in comment letters received from the SEC with respect to any of the Company SEC Documents. As of the date hereof, to the Knowledge of the Company, none of the Company SEC Documents (other than confidential treatment requests) is the subject of ongoing SEC review or ongoing SEC investigation. None of the Company's Subsidiaries is required to file periodic reports with the SEC pursuant to the Exchange Act.

(b) The consolidated financial statements (including all related notes and schedules) of the Company included in the Company SEC Documents (if amended, as of the date of the last such amendment) fairly presented in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations, their consolidated cash flows and consolidated changes in equity for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) and were prepared in conformity with GAAP (except, in the case of the unaudited statements, as permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto). There are no unconsolidated Subsidiaries of the Company within the meaning of GAAP. Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any "off balance sheet arrangement" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC).

Section 3.5 Internal Controls and Procedures. The Company has established and maintains disclosure controls and procedures and internal controls over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 and Rule 15d-15 under the Exchange Act and as necessary to prepare financial statements in conformity with GAAP. The Company's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. The Company's management has completed an assessment of the effectiveness of the Company's internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2017, and such assessment concluded that such controls were effective. Based on the Company's management's and its auditor's most recently completed evaluation of the Company's internal control over financial reporting prior to the date hereof, the Company has not identified or been made aware of (a) any "significant deficiencies" or "material weaknesses" (each as defined in Rule 13a-15(f) of the Exchange Act) in the system of internal control over financial reporting utilized by the Company and its Subsidiaries that has not been subsequently remediated or (b) any fraud that involves the Company's management or other employees who have a significant role in the preparation of financial statements or the internal control over financial reporting utilized by the Company and its Subsidiaries. Since December 31, 2015, the Company's principal executive officer and its principal financial officer have disclosed, based on their evaluation of internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), to the Company's auditors and the audit committee of the Board of Directors any instances identified by them or of which they have been made aware of "significant deficiencies," "material weaknesses" or fraud referred to in clauses (a) or (b) above.

Section 3.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the consolidated balance sheet of the Company and its Subsidiaries as of March 31, 2018 (or the notes thereto), (b) for liabilities incurred pursuant to the terms of this Agreement, (c) for liabilities or obligations that have been discharged or paid in full prior to the date hereof, (d) for liabilities and obligations incurred in the ordinary course of business consistent with past practice since March 31, 2018 or (e) as would not have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any Subsidiary of the Company has any liabilities or obligations that would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its Subsidiaries.

Section 3.7 Compliance with Law; Permits.

(a) Except as set forth on Section 3.7(a)(i) of the Company Disclosure Letter, the Company and its Subsidiaries since December 31, 2015, have been in compliance with and not in default under or in violation of any applicable federal, state, local or foreign law (including common law), statute, ordinance, rule, regulation, judgment, order, injunction or decree of any Governmental Entity (including Health Care Laws) (collectively, "Laws" and each, a "Law"), and any privacy policies, applicable to the Company and its Subsidiaries, except where such noncompliance, default or violation would not have, individually or in the aggregate, a Company Material Adverse Effect. Except as set forth on Schedule 3.7(a)(ii) of the Company Disclosure Letter, the Company and each of the Company's Subsidiaries are not, and since December 31, 2015 have not been, to the Knowledge of the Company, under investigation with respect to and have not been threatened in writing to be charged with or given written notice of any violation of, any applicable Law or with the applicable listing and corporate governance rules of the NYSE, in each case, except as would not, individually or in the aggregate, have a Company Material Adverse Effect.

(b) The Company and its Subsidiaries are in possession of all franchises, grants, accreditations, registrations, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, certificates of need, provider numbers, exemptions, approvals and orders of, or required by, any Governmental Entity ("Permits") necessary for the Company and the Company's Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (such Permits, the "Company Permits"), except where the failure to have any of the Company Permits would not have, individually or in the aggregate, a Company Material Adverse Effect. Since December 31, 2015, the Company and its Subsidiaries have maintained, and have been in compliance with all terms and conditions of, all Company Permits and all Company Permits are in full force and effect, except where the failure of any of the foregoing would not have, individually or in the aggregate, a Company Material Adverse Effect. No default has occurred under, and there exists no event that, with or without notice, lapse of time or both, would reasonably be expected to result in a default under, or would give to others any right of revocation, non-renewal, adverse modification or cancellation of, any Company Permit, and neither the Company nor any of its Subsidiaries has received any cease and desist letters with respect to any such Company Permit or written notice from any Governmental Entity threatening to suspend, revoke, withdraw or modify any such Company Permit, except, in each case, as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except as set forth on Section 3.7(c)(i) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries, nor any of their respective directors or officers, nor to the Knowledge of the Company any of their respective other employees, Healthcare Professionals, independent contractors or agents, is or has been, since December 31, 2015, excluded, suspended, debarred from participation, or is otherwise terminated from or ineligible to participate in, any Health Care Program, except for short-term exclusions, suspensions or terminations that were resolved in the ordinary course of business. Except as set forth on Section 3.7(c)(ii) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has received any written notice that the Company or its Subsidiaries is in violation of any Law applicable to the Company or any of its Subsidiaries or any Company Permit, except for such violations that would not have, individually or in the aggregate, a Company Material Adverse Effect. There are no Actions pending or, to the Knowledge of the Company, threatened that would reasonably be expected to result in the revocation, withdrawal, suspension, non-renewal, termination, revocation, or adverse modification or limitation of any such Company Permit or Health Care Program participation, except as would not have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, since December 31, 2015, there is no claim or action pending against the Company under any federal or state whistleblower statute, including under the False Claims Act, 31 U.S.C. §§ 3729-3733.

(d) Except as set forth on Section 3.7(d) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is a party to or has any ongoing reporting obligations pursuant to or under any corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders, or similar agreements with or imposed by any Governmental Entity with respect to any Health Care Law.

(e) All billing, claims, reporting and documentation practices of the Company and its Subsidiaries are, and since December 31, 2015 have been, in compliance with all Health

Care Laws and legally enforceable Health Care Program requirements, except as would not have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has, since December 31, 2015, billed, received or retained any payment or reimbursement in violation of applicable Health Care Laws or legally enforceable Health Care Program requirements, except as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(f) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, to the Knowledge of the Company, each of the physicians and mid-level providers (e.g., nurse practitioners, physician assistants, certified-registered nurse anesthetists), performing clinical or professional healthcare services on behalf of the Company or its Subsidiaries, whether as an employee or independent contractor (each, a "Healthcare Professional" and collectively, the "Healthcare Professionals"): (i) currently holds, in good standing, all Permits required by any applicable Law or Governmental Entity to perform the services in the states that such Healthcare Professional is practicing or performing professional services on behalf of the Company or its Subsidiaries; and (ii) to the extent required, holds requisite staff privilege and is in good standing with, each of the hospitals and other healthcare facilities at or for which such Healthcare Professional performs medical services on behalf of the Company or its Subsidiaries. Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any of its Subsidiaries has since December 31, 2015 received written notice that any current Healthcare Professional is not in compliance with applicable Health Care Laws, or is under investigation by, or is not in good standing with, any Health Care Program.

(g) The Company and its Subsidiaries use reasonable best efforts to protect the privacy of sensitive data, including nonpublic information, personal information and protected or regulated health information ("Sensitive Data"), that the Company or any of its Subsidiaries collects, uses, stores, maintains, processes or transmits and to prevent unauthorized access to, and use or disclosure of, such data by any unauthorized Person, except as would not have, individually or in the aggregate, a Company Material Adverse Effect. Since December 31, 2015, neither the Company nor any of its Subsidiaries, or, to the Knowledge of the Company, any third Person acting on behalf of the Company or any of its Subsidiaries, has suffered any material breach of security of, and to the Knowledge of the Company no Person had unauthorized access to, any Sensitive Data that the Company or any of its Subsidiaries (or a third Person acting on behalf of the Company or any of its Subsidiaries) collects, uses, stores, maintains, processes or transmits. Each of the Company and its Subsidiaries that are Covered Entities or Business Associates (as defined under HIPAA) has undertaken all necessary risk assessments or risk analyses required under HIPAA, except as would not have, individually or in the aggregate, a Company Material Adverse Effect. Neither the execution, delivery or performance of this Agreement, nor the consummation of any of the transactions contemplated by this Agreement, including any transfer of Protected Health Information (as defined in 45 C.F.R. § 160.103) ("PHI") resulting from such transactions, will violate any policies of the Company or its Subsidiaries or any privacy agreements to which the Company or its Subsidiaries are a party as such policies or privacy agreements currently exist, except as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(h) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2013, none of the Company or its Subsidiaries or, to the Knowledge of the Company, any agent, employee or other Person acting on behalf of any of the foregoing, (i) is or has been in violation of any Anti-Corruption Law, or (ii) has directly or indirectly made, offered, agreed, requested an offer, promise or authorization of any unlawful bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment. The Company and its Subsidiaries (A) have instituted and adhered to policies and procedures reasonably designed to ensure compliance with applicable Anti-Corruption Laws and Import and Export Laws in all material respects, (B) have maintained such policies and procedures in full force and effect, (C) have not been subject to any pending Action by a Governmental Entity or, to the Knowledge of the Company, threatened with any Action by a Governmental Entity that alleges any material violation of any of the Anti-Corruption Laws or Import and Export Laws and (D) have not made a voluntary disclosure to a Governmental Entity in respect of any of the Anti-Corruption Laws or Import and Export Laws. Since January 1, 2013, the Company and its Subsidiaries have at all times conducted their export and import and related transactions (to the extent that the Company and its Subsidiaries have conducted any such transactions) in accordance with all applicable Import and Export Laws, except as would not have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries and, to the Knowledge of the Company, no other Person acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof, is a Sanctioned Person, or since January 1, 2013 has engaged in, or is now engaging in, any dealings or transactions with any Sanctioned Person or in violation of Sanctions.

Section 3.8 Environmental Laws and Regulations.

(a) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and its Subsidiaries have since December 31, 2015 conducted their respective businesses in compliance with all applicable Environmental Laws; (ii) since December 31, 2015, neither the Company nor any of its Subsidiaries has received any written notices, demand letters, written requests for information or claims from any Governmental Entity or any other Person alleging that the Company or any of its Subsidiaries is in violation of any Environmental Law, or has any liability under any Environmental Law or regarding any Hazardous Substance; (iii) since December 31, 2015 neither the Company nor any of its Subsidiaries has handled, treated, stored or released any Hazardous Substance from, and to the Knowledge of the Company Hazardous Substances are not otherwise present at, any properties owned, leased or operated by the Company or any of its Subsidiaries, or at any other location for which the Company or any of its Subsidiaries may be liable, in any case under circumstances that would reasonably be expected to result in liability to, or interfere with the operations of, the Company or any of its Subsidiaries; and (iv) since December 31, 2015, neither the Company nor any of its Subsidiaries has assumed or retained, under or as a result of any agreement, any liabilities under any Environmental Law or regarding any Hazardous Substance. The Company has made available to Parent copies of all reports of any site assessments, studies, reviews, investigations, audits and other evaluations relating to environmental matters and containing material information relating to any of the Company or its Subsidiaries or their properties or operations to the extent such reports are within the possession or reasonably within the control of the Company or any of its Subsidiaries.

(b) As used herein, "Environmental Law" means any Law relating to (i) the protection, preservation or restoration of the environment (including air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or (ii) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of harmful or deleterious substances.

(c) As used herein, "Hazardous Substance" means any substance listed, defined, designated, classified or regulated as hazardous, toxic, radioactive or dangerous under any Environmental Law, including any substance to which exposure is regulated by any Governmental Entity or any Environmental Law, including any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, industrial substance or petroleum or any derivative or byproduct thereof, radon, radioactive material, asbestos or asbestos-containing material, urea formaldehyde, foam insulation or polychlorinated biphenyls.

Section 3.9 Employee Benefit Plans; Labor Matters.

(a) Section 3.9(a) of the Company Disclosure Letter lists all material Company Benefit Plans. For purposes of this Agreement, "Company Benefit Plans" means all compensation and/or benefit plans, programs, policies, agreements or other arrangements, including any "employee welfare plan" within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, stock ownership, stock appreciation, restricted stock, restricted stock unit, phantom stock or other equity-based, severance, employment, change of control or fringe benefit plan, program or agreement (other than any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA (a "Multiemployer Plan")), in each case, that are sponsored, maintained or contributed to by the Company or any of its Subsidiaries for the benefit of current or former employees, officers, individual independent contractors or directors of the Company or its Subsidiaries or to which the Company or any of its Subsidiaries would reasonably be expected to have any liability.

(b) The Company has made available to Parent, with respect to each material Company Benefit Plan, (i) each writing constituting a part of such Company Benefit Plan, including all amendments thereto (or, with respect to any unwritten material Company Benefit Plan, a written description thereof) and each summary plan description, as applicable, (ii) the most recent Annual Report (Form 5500 Series) and accompanying schedules, if any, (iii) the most recent determination or opinion letter from the Internal Revenue Service (if applicable) for such Company Benefit Plan, and (iv) each current trust agreement, insurance contract or policy, group annuity contract and any other funding arrangement relating to such Company Benefit Plan.

(c) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) each Company Benefit Plan has been maintained and administered in material compliance with its terms and with applicable Law, including ERISA and the Code to the extent applicable thereto; (ii) each Company Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is entitled to rely upon a favorable opinion issued by the Internal Revenue Service, and, to the Knowledge of the Company, there are no existing circumstances or any events that have occurred that would reasonably be expected to adversely affect the qualified status of any such plan; and (iii) all contributions or other amounts payable by the Company or its Subsidiaries as of the date hereof with respect to each Company Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP (other than with respect to amounts not yet due).

(d) (i) No Company Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code; (ii) no Company Benefit Plan provides medical or other welfare benefits with respect to current or former employees, officers or directors of the Company or its Subsidiaries beyond their retirement, other than coverage mandated by applicable Law and Company subsidized COBRA coverage provided under severance arrangements that does not exceed three years following the applicable termination of employment; (iii) neither the Company, its Subsidiaries nor any ERISA Affiliate of the Company currently has any liability under Title IV of ERISA that has not been satisfied in full, and no condition exists that presents a risk to the Company, its Subsidiaries or any ERISA Affiliate of the Company of subsequently incurring a material liability thereunder; (iv) no employee benefit plan of the Company or its Subsidiaries or any ERISA Affiliate is a Multiemployer Plan or a plan that has two or more contributing sponsors, at least two of whom are not under common control, within the meaning of Section 4063 of ERISA; and (v) there are no pending, threatened or, to the Knowledge of the Company, anticipated claims (other than routine claims for benefits in accordance with the terms of the Company Benefit Plans) by, on behalf of or against any of the Company Benefit Plans or any trusts related thereto that would reasonably be expected to result in any material liability of the Company or any of its Subsidiaries. For purposes of this Agreement, "ERISA Affiliate" means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the first entity, trade or business, or that is a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

(e) Except as provided in this Agreement or required by applicable Law, the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee, officer, individual independent contractor or director of the Company or any of its Subsidiaries to severance pay, or any other payment from the Company or its Subsidiaries, (ii) accelerate the time of payment or vesting, result in any forgiveness of indebtedness or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable pursuant to, any Company Benefit Plan, or (iii) result in any "excess parachute payment" (within the meaning of Section 280G of the Code) becoming due to any current or former employee, officer, individual independent contractor or director the Company or any of its Subsidiaries.

(f) The Company is not a party to nor does it have any obligation under any Company Benefit Plan to compensate any Person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(g) Since January 1, 2016, except for such matters that would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) (A) there have been no strikes or lockouts with respect to any employees of the Company or any of its Subsidiaries; (B) to the Knowledge of the Company, there has been no union organizing effort pending or threatened against the Company or any of its Subsidiaries; (C) there has been no unfair labor practice, labor dispute (other than routine individual grievances) or labor arbitration proceeding pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries; and (D) there has been no slowdown, or work stoppage in effect or, to the Knowledge of the Company, threatened with respect to employees of the Company or any of its Subsidiaries; (ii) the Company and its Subsidiaries have been in compliance with all applicable Laws relating to employment, equal employment opportunity, nondiscrimination, employment and reemployment rights of members of the uniformed services, immigration, wages, hours, benefits, collective bargaining, the payment of social security and payroll Taxes, occupational safety and health and withholding of amounts from the wages, salaries and other payments to the employees of the Company and its Subsidiaries; (iii) there have not been any pending or, to the Knowledge of the Company, threatened in writing any employment discrimination charges or complaints against or involving the Company or any of its Subsidiaries before any Governmental Entity; and (iv) neither the Company nor any of its Subsidiaries (A) has received any claim that any Person providing services has been misclassified as an independent contractor rather than an employee or having exempt status rather than non-exempt status for purposes of overtime and (B) has any liability with respect to any misclassification of any Person as an independent contractor rather than as an employee, as having exempt status rather than non-exempt status for purposes of overtime or with respect to such Person's status as an employee leased from another employer.

(h) Section 3.9(h) of the Company Disclosure Letter sets forth by Person each Company Restricted Share, Company RSU and Company Option held by each such Person, including the grant date, vesting schedule and the exercise price, as applicable. Each Company Option has been granted at or above fair market value and in accordance with Section 409A of the Code.

Section 3.10 <u>Absence of Certain Changes or Events</u>. Since December 31, 2017, there has not been any event, change, occurrence or development that has had, individually or in the aggregate, a Company Material Adverse Effect. From December 31, 2017 through the date of this Agreement, (a) except as set forth in Section 3.10(a) of the Company Disclosure Letter, the Company and its Subsidiaries have conducted their respective businesses, in all material respects, in the ordinary course of business consistent with past practice and (b) have not taken or agreed to take any action that, if taken during the period from the date of this Agreement to the Effective Time, would constitute a breach of, or require Parent's consent under, clauses (i), (iv), (x), (xiv) or, solely with respect to the foregoing clauses, clause (xviii) of Section 5.1(b).

Section 3.11 <u>Investigations; Litigation.</u> (a) There is no investigation or review pending (or, to the Knowledge of the Company, threatened) by any Governmental Entity with respect to the Company or any of the Company's Subsidiaries that would have, individually or in the aggregate, a Company Material Adverse Effect; and (b) there are no Actions pending (or, to the Knowledge of the Company, threatened) against or affecting the Company or any of the Company's Subsidiaries, or any of their respective properties or assets at law or in equity before, and there are no orders, judgments or decrees of, or before, any Governmental Entity, in each case that would have, individually or in the aggregate, a Company Material Adverse Effect or, as of the date hereof, prevent or materially delay the consummation of the Merger.

Section 3.12 Proxy Statement; Other Information. The proxy statement to be filed by the Company with the SEC in connection with seeking the Company Stockholder Approval (including the letter to stockholders, notice of meeting and form of proxy, as each may be amended or supplemented, the "Proxy Statement") will not, at the time it is filed with the SEC, or at the time it is first mailed to the stockholders of the Company or at the time of the Company Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act applicable thereto as of the date of such filing. No representation is made by the Company with respect to statements made in the Proxy Statement based on information supplied, or required to be supplied, by or on behalf of Parent, Merger Sub or any of their Affiliates specifically for inclusion or incorporation by reference therein.

Section 3.13 Tax Matters.

(a) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and each of its Subsidiaries have prepared and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them and all such filed Tax Returns are complete and accurate; (ii) the Company and each of its Subsidiaries have paid all Taxes required to be paid, except, in the case of clauses (i) and (ii), with respect to Taxes or Tax matters for which adequate reserves have been established in accordance with GAAP; (iii) there are not pending or, to the Knowledge of the Company, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes or Tax Returns of the Company or any of its Subsidiaries, and no deficiency for Taxes has been asserted against the Company or any of its Subsidiaries which has not been fully paid or withdrawn; (iv) there are no liens for Taxes upon any property of the Company or any of its Subsidiaries, except for Permitted Liens; (v) neither the Company nor any of its Subsidiaries has been a "controlled corporation" or a "distributing corporation" in any distribution occurring during the two-year period ending on the date hereof that was purported or intended to be governed by Section 355 of the Code; (vi) during the past five years, neither the Company nor any of its Subsidiaries has received any claim from a Governmental Entity in a jurisdiction in which the Company or such Subsidiary, as applicable, has not filed any Tax Returns that the Company or such Subsidiary, as applicable, is or may be subject to taxation by, or required to file Tax Returns in, that jurisdiction, which claim has not been fully resolved; (vii) neither the Company nor any of its Subsidiaries (a) has ever been a member of an affiliated group filing a U.S. consolidated federal income Tax Return (other than the group the common parent of which is or was the Company or any of its Subsidiaries), (b) has any liability for the payment of any Taxes imposed on any other Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor, or (c) is a party to or has any obligation under any Tax sharing, indemnification, allocation agreement or arrangement (other than any such agreement or arrangement (x) solely among the Company and its Subsidiaries or (y) contained in customary gross-up, indemnification, and similar provisions in commercial agreements the principal purpose of which does not relate to Taxes); (viii) neither the Company nor any of its Subsidiaries was required to include any amounts in income pursuant to Section 965 of the Code nor has made an election pursuant to Section 965(h) of the Code; and (ix) neither the Company nor any of its Subsidiaries has participated in any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2).

(b) "Taxes" means any and all federal, state, local or foreign taxes, charges, levies, fees, duties or other assessments of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Entity, including income, franchise, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, unemployment, social security, workers' compensation, net worth, excise, withholding, ad valorem and value added taxes. "Tax Return" means any return, report or similar filing that is filed or required to be filed with respect to Taxes, including any information return, claim for refund, amended return or declaration of estimated Taxes (and including any attachment thereto or amendment thereof).

Section 3.14 Intellectual Property.

(a) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, the Company and its Subsidiaries either own or have a right to use such patents, trademarks, trade names and service marks, domain names, copyrights and any applications and registrations for any of the foregoing, trade secrets, know-how, technology, computer software and other tangible and intangible proprietary information and intellectual property rights (collectively, "Intellectual Property") as are necessary for or used in the conduct the business of the Company and its Subsidiaries as conducted by the Company and its Subsidiaries as of the date hereof. To the Knowledge of the Company, and except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) neither the Company nor any of its Subsidiaries or the operation of their businesses is infringing, misappropriating or violating, or has since December 31, 2015 infringed, misappropriated or violated any Intellectual Property of any third party; and (ii) no third party is currently infringing, misappropriating or violating any Intellectual Property owned by or exclusively licensed to the Company or any of its Subsidiaries.

(b) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, there are no Actions pending or, to the Knowledge of the Company, threatened (including offers to take a license and cease and desist letters) against the Company, that challenge or question the Company's ownership or the validity or enforceability of, or right to use, Intellectual Property of the Company or any of its Subsidiaries.

(c) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, the Company and its Subsidiaries have taken reasonable steps to maintain (i) the confidentiality of or otherwise protect and enforce their rights in all Intellectual Property owned by them, and to protect and preserve through the use of customary nondisclosure agreements the confidentiality of all confidential information that is owned or held by the Company and its Subsidiaries and used in the conduct of the business and (ii) the security, continuous operation, and integrity of the websites, networks, software and any other information technology systems (and any data, including Sensitive Data, stored or contained therein or transmitted thereby) used or held for use in the Company's business, and there have been no security breaches or unauthorized access to or use of any of same.

(d) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, during the past two years, all personnel, including employees, agents, consultants and contractors, who have contributed to or participated in the conception or development, or both, of Intellectual Property owned or purported to be owned by the Company and its Subsidiaries (i) have been and are a party to "work-for-hire" arrangements with the Company or one of its Subsidiaries or (ii) have assigned to the Company or one of its Subsidiaries ownership of all tangible and intangible property arising in connection with the conception or development of such Intellectual Property.

(e) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and its Subsidiaries do not distribute, license, convey or make available to any Person any proprietary software that incorporates, is linked to or is derived from, any open source software that, in such circumstances, requires the material proprietary source code of such software to be licensed, distributed or made available to third Persons; and (ii) no Person other than employees or contractors acting on behalf of the Company has a current or contingent right to access any of the source code of the Company's material proprietary software.

Section 3.15 Real Property. Except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (a) the Company and its Subsidiaries have good, marketable and valid fee simple title to all of the real property owned by the Company and its Subsidiaries (the "Owned Real Property"), free and clear of Liens, except Permitted Liens; (b) the Company or a Subsidiary of the Company has good and valid title or valid leasehold interests, as applicable, in all of its owned or leased real property, free and clear of all Liens (except for Permitted Liens and all other title exceptions, changes, defects, easements, restrictions, encumbrances and other matters, whether or not of record, that do not materially affect the current and continued use of the applicable property for the purposes for which such property is currently being used by the Company or a Subsidiary of the Company as of the date hereof); (c) each lease, license, sublease and occupancy agreement (each, a "Lease") with respect to real property leased, licensed, subleased or otherwise used by the Company or its Subsidiaries as lessee or sublessee (the "Leased Real Property", together with the Owned Real Property, the "Real Property"), is in full force and effect and enforceable in accordance with their respective terms against the Company or its Subsidiaries that are party thereto and, to the Knowledge of the Company, to the other parties thereto; (d) neither the Company nor any of its Subsidiaries is in breach or default under any of the Leases; (e) to the Knowledge of the Company, there is no pending or written threat of condemnation or similar action affecting any of the Real Property; and (f) there are no Contracts or Leases entered into by the Company and its Subsidiaries affecting the Real Property or for the lease or sublease of any Leased Real Property with any of their respective Affiliates or Subsidiaries, other than any Contracts or Leases entered into in the ordinary course of business consistent with past practice, which Contracts and Leases are each on commercially market terms. Section 3.15 of the Company Disclosure Letter sets forth a true and complete list of all Owned Real Property and material Leased Real Property. The Company has made available to Parent copies of all deeds, surveys, title policies or title reports in the

Company's possession or control for each parcel of Owned Real Property, together with true and complete copies of each material Lease.

Section 3.16 Opinion of Financial Advisors. The Board of Directors has received the opinion of each of J.P. Morgan Securities LLC, Evercore Group L.L.C. and Guggenheim Securities, LLC, each dated as of the date of this Agreement, in each case, substantially to the effect that, as of such date and subject to the assumptions, limitations, qualifications and other matters stated therein, the Merger Consideration to be received by the holders of Common Stock in the Merger pursuant to this Agreement is fair, from a financial point of view, to such holders. A signed, correct and complete copy of each such opinion will promptly be made available to Parent for informational purposes only following receipt thereof by the Company and it is agreed and understood that such opinions may not be relied on by Parent, or any director, officer or employee of Parent. It is further agreed that such opinions may not be distributed by Parent to any third party without the prior consent of J.P. Morgan Securities LLC, Evercore Group L.L.C. and Guggenheim Securities, LLC, as applicable.

Section 3.17 Required Vote of the Company Stockholders. The affirmative vote of the holders of a majority of the outstanding Shares in favor of the adoption of this Agreement (the "Company Stockholder Approval") is the only vote of holders of securities of the Company that is required to adopt this Agreement.

Section 3.18 Material Contracts.

(a) Except for this Agreement, agreements filed as exhibits to the Company SEC Documents or as set forth in Section 3.18 of the Company Disclosure Letter, as of the date of this Agreement, neither the Company nor any of its Subsidiaries is a party to or expressly bound by any Contract (excluding any Company Benefit Plan) that:

(i) is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the Securities Act);

(ii) relates to any joint venture, partnership, limited liability company or other similar Contract (in each case other than any Affiliated Medical Group) relating to the formation, creation, operation, management or control of any joint venture or partnership (in each case other than any Affiliated Medical Group) from which the Company and the Company Subsidiaries, taken as a whole, directly or indirectly recognized revenues in excess of $25 million during the 12-month period ended December 31, 2017;

(iii) is an indenture, credit agreement, loan agreement, note, or other Contract providing for any indebtedness for borrowed money of the Company or any if its Subsidiaries, other than indebtedness among the Company and/or any of its Subsidiaries, in excess of $25 million;

(iv) is a settlement, conciliation or similar Contract (A) with any Governmental Entity, (B) which would require the Company or any of its Subsidiaries to pay consideration of more than $5 million after the date of this Agreement or (C) that subjects the Company or any of its Subsidiaries to any material ongoing requirements or restrictions;

(v) relates to the pending acquisition or disposition of any Person, business, assets or real property (whether by merger, sale of stock, sale of assets or otherwise) having an aggregate purchase price in excess of $50 million or pursuant to which the Company or any of its Subsidiaries has continuing indemnification, "earn-out" or other contingent payment obligations, in each case that would reasonably be expected to result in payments in excess of $25 million;

(vi) is a material Contract relating to Intellectual Property, other than commercially available, "off the shelf" Contracts for software with annual fees less than $10 million;

(vii) contains any covenant that materially limits the ability of the Company and its Subsidiaries, taken as a whole, to engage in any line of business, to solicit any customer or employee or to compete with any Person or operate at any geographic location;

(viii) provides for "exclusivity" or any similar requirement in favor of any third party or grants any rights of refusal, rights of first negotiation, "most favored nation" or similar rights to any third party, in each case in any respect material to the business of the Company and its Subsidiaries, taken as a whole;

(ix) is a Contract (A) pursuant to which the Company or any of its Subsidiaries generated aggregate revenue through billing of third parties, revenue guarantees, subsidy payments or other payments in excess of $30 million during the 12-month period ended December 31, 2017, (B) providing for the purchase of products or services by the Company or any of its Subsidiaries from a third party involving aggregate payments in excess of $5 million during the 12-month period ended December 31, 2017, or (C) with a commercial third-party payor, on a national basis; or

(x) obligates the Company or any of its Subsidiaries to make any capital expenditure in excess of $10 million.

Each Contract of the type described in this Section 3.18(a) is referred to herein as a "Company Material Contract." The Company has made available to Parent a true and complete copy of each Company Material Contract, each as amended to the date hereof.

(b) Neither the Company nor any Subsidiary of the Company is in breach of or default under the terms of any Company Material Contract, and no event or condition exists that after notice or lapse of time or both would constitute a breach of or default by the Company or any Subsidiary of the Company, or to the Knowledge of the Company, any other party thereto, under the terms of any Company Material Contract, in each case, where such breach or default would have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, no other party to any Company Material Contract is in breach of or default under the terms of any Company Material Contract where such breach or default would have, individually or in the aggregate, a Company Material Adverse Effect. Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, each Company Material Contract is a valid and binding obligation of the Company or the Subsidiary of the Company that is party thereto and, to the Knowledge of the Company, of each other party thereto, and is in full force and effect, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 3.19 Insurance Policies. Except as would not reasonably be expected, individually or in the aggregate, to have a Company Material Adverse Effect, (a) all insurance policies maintained by the Company and its Subsidiaries are in full force and effect and all premiums due and payable thereon have been paid in accordance with the terms of such policies, (b) neither the Company nor any of its Subsidiaries is in breach or default of any of its insurance policies, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action which, with notice or the lapse of time, would constitute such a breach or default or permit termination or material and adverse modification of any of such policies, (c) other than in connection with ordinary course renewals, the Company has not received any written notice of termination, cancellation, non-renewal or material premium increase with respect to any such policy, nor, to the Knowledge of the Company, are any of the foregoing threatened, and there is no claim pending under any such insurance policies as to which coverage has been denied or disputed by the underwriters of such policies and (d) the Company, its Subsidiaries and their respective assets and properties are insured in amounts no less than as required by applicable Law and Contracts with the customers of the Company and its Subsidiaries.

Section 3.20 Affiliate Party Transactions. There are no transactions, agreements, arrangements or understandings between the Company or any of its Subsidiaries on the one hand, and any Company Related Party (other than the Company or any of its Subsidiaries) on the other hand, and no Company Related Party (other than the Company or any of its Subsidiaries) has any material interest in any property or assets of the Company or any of its Subsidiaries or has engaged in any transaction with any of the foregoing since December 31, 2015, in each case that would be required to be disclosed under Item 404 under Regulation S-K under the Securities Act and that have not been so disclosed in the Company SEC Documents, other than ordinary course of business consistent with past practice employment agreements and similar employee arrangements otherwise set forth on the Company Disclosure Letter.

Section 3.21 Finders or Brokers. Except for J.P. Morgan Securities LLC, Evercore Group L.L.C., and Guggenheim Securities, LLC, neither the Company nor any of its Subsidiaries has employed any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who might be entitled to any fee or any commission in connection with or upon consummation of the Merger. The Company has made available to Parent an estimate of the aggregate fees payable by the Company to J.P. Morgan Securities LLC, Evercore Group L.L.C. and Guggenheim Securities, LLC as a result of the transactions contemplated hereby.

Section 3.22 Takeover Laws. Assuming the representations and warranties of Parent and Merger Sub set forth in Section 4.12 are true and correct, no "fair price," "moratorium," "control share acquisition," "business combination" or other form of antitakeover statute or regulation (including Section 203 of the DGCL) or any anti-takeover provision in the certificate of incorporation or bylaws of the Company is, and the Company has no rights plan, "poison pill" or similar agreement that is, or at the Effective Time will be, applicable to this Agreement, the Merger or the other transactions contemplated hereby.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as disclosed in the disclosure letter delivered by Parent to the Company concurrently with the execution of this Agreement (the "Parent Disclosure Letter") (it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Letter shall be deemed disclosed with respect to any other section or subsection of the Parent Disclosure Letter to the extent that the relevance thereof is reasonably apparent on its face), Parent and Merger Sub jointly and severally represent and warrant to the Company as follows:

Section 4.1 Qualification, Organization, Subsidiaries. Each of Parent and Merger Sub is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties, rights and assets and to carry on its business as presently conducted and is qualified or licensed to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets, rights or properties or conduct of its business requires such qualification or licensing, except, in each case, as would not, individually or in the aggregate, prevent or materially delay the ability of Parent or Merger Sub to consummate the Merger and the other transactions contemplated by this Agreement (a "Parent Material Adverse Effect"). Parent has made available to the Company prior to the date of this Agreement a true and complete copy of the certificates of incorporation and bylaws or other equivalent organizational documents of Parent and Merger Sub, each as amended through the date hereof.

Section 4.2 Corporate Authority Relative to This Agreement; No Violation.

(a) Each of Parent and Merger Sub has all requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the Merger and the other transactions contemplated hereby, have been duly and validly authorized by the boards of directors of Parent and Merger Sub and by the sole stockholder of Merger Sub, and, except for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and Merger Sub and, assuming this Agreement constitutes the valid and binding agreement of the Company, constitutes the valid and binding agreement of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) The execution, delivery and performance by Parent and Merger Sub of this Agreement and the consummation of the Merger and the other transactions contemplated hereby, by Parent and Merger Sub do not and will not require Parent, Merger Sub or their Subsidiaries to procure, make or provide any consent, approval, authorization or permit of, action by, filing with or notification to any Governmental Entity, other than (i) the filing of the Certificate of Merger, (ii) compliance with the HSR Act, (iii) compliance with the applicable requirements of the Exchange Act and compliance with the rules and regulations of the NYSE, (iv) compliance with any applicable foreign or state securities or blue sky laws and (v) the other consents and/or notices set forth on Section 4.2(b) of the Parent Disclosure Letter (clauses (i) through (v), collectively, the "Parent Approvals"), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Assuming receipt of the Parent Approvals, the execution, delivery and performance by Parent and Merger Sub of this Agreement and the consummation by Parent and Merger Sub of the Merger and the other transactions contemplated hereby, do not and will not (i) contravene or conflict with the organizational or governing documents of Parent or any of its Subsidiaries, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to Parent or any of its Subsidiaries or any of their respective properties or assets, or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of a material benefit under any Contract, instrument, permit, concession, franchise, right or license binding upon Parent or any of its Subsidiaries or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of Parent or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such contravention, conflict, violation, default, termination, cancellation, acceleration, right, loss or Lien that would not have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.3 Investigations; Litigation. As of the date hereof, there are no Actions pending (or, to the Knowledge of Parent, threatened) against or affecting Parent or any of Parent's Subsidiaries, or any of their respective properties at law or in equity before, and there are no orders, judgments or decrees of, or before, any Governmental Entity, in each case that would have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.4 Proxy Statement; Other Information. None of the written information supplied by or on behalf of Parent, Merger Sub or any of their Affiliates specifically for inclusion or incorporation by reference in the Proxy Statement will, at the time the Proxy Statement is filed with the SEC, or at the time it is first mailed to the stockholders of the Company or at the time of the Company Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 4.5 Financing.

(a) Parent has received and accepted an executed and binding debt commitment letter dated as of the date hereof, a true, correct and complete copy of which has been delivered to the Company (as amended, modified, supplemented, replaced or extended from time to time after the date of this Agreement in compliance with Section 5.11, including the exhibits, annexes and schedules thereto, the "Debt Commitment Letter") from the lenders party thereto (collectively, the "Lenders") pursuant to which the Lenders have agreed, subject to the terms and conditions thereof, to provide the debt amounts set forth therein. The debt financing committed pursuant to the Debt Commitment Letter is collectively referred to in this Agreement as the "Debt Financing."

(b) Parent has received and accepted an executed and binding equity commitment letter dated as of the date hereof, a true, correct and complete copy of which has been delivered to the Company (as amended from time to time after the date of this Agreement in compliance with Section 5.11, the "Equity Commitment Letter" and, together with the Debt Commitment Letter, the "Commitment Letters") from the Sponsor pursuant to which the Sponsor has committed, subject to the terms and conditions thereof, to invest in Parent the amounts set forth therein. The Equity Commitment Letter provides that the Company is a third-party beneficiary thereof only for the purpose of seeking specific performance of Parent's right to cause the Cash Equity to be funded thereunder. The cash equity committed pursuant to the Equity Commitment Letter is collectively referred to in this Agreement as the "Cash Equity." The Cash Equity and the Debt Financing are collectively referred to as the "Financing." Parent has delivered to the Company true, complete and correct copies of the executed Commitment Letters.

(c) As of the date hereof, the obligations of the Lenders to fund the Debt Financing under the Debt Commitment Letter and the obligations of the Sponsor to fund the Cash Equity under the Equity Commitment Letter are not subject to any conditions precedent or other contingencies, except as set forth in the Commitment Letters and the Fee Letters. Except for a customary fee letter related to the Debt Financing, a true, correct and complete copy of which has been provided to the Company with only the amount of fees, "pricing flex" and other economic terms therein redacted (none of which (x) subject the funding of the Debt Financing to any additional conditions precedent or other contingencies or (y) could reduce the total amount of the Debt Financing available to Parent or Merger Sub on the Closing Date (other than customary OID flex) to an amount such that Parent and Merger Sub will have funds that are less than the Applicable Amount), and a customary fee credit letter related to the Debt Financing and a customary engagement letter related to the Debt Financing (neither of which (x) subject the funding of the Debt Financing to any additional conditions precedent or other contingencies or (y) could reduce the total amount of the Debt Financing available to Parent or Merger Sub on the Closing Date (other than customary OID flex) to an amount such that Parent and Merger Sub will have funds that are less than the Applicable Amount) (collectively, such fee letter, fee credit letter and engagement letter, the "Fee Letters"), as of the date hereof, there are no side agreements or other arrangements, commitments or understandings with respect to the Financing.

(d) As of the date hereof and assuming satisfaction or waiver (to the extent permitted by applicable Law) of the conditions to Parent's and Merger Sub's obligations to consummate the Merger, Parent does not have any reason to believe that it will be unable to satisfy on a timely basis all terms and conditions to be satisfied by it in any of the Commitment Letters on or prior to the Closing Date, nor does Parent have Knowledge that any of the Lenders or the Sponsor will not, or is expected not to, perform its obligations thereunder.

(e) Assuming the accuracy of the Company's representations and warranties in Section 3.4(b), the Financing, when funded in accordance with the Commitment Letters, shall, together with available cash on the Closing Date at the Company and its Subsidiaries, in the aggregate, provide Parent with cash proceeds on the Closing Date in an amount sufficient (the "Applicable Amount") for the satisfaction of (i) all of Parent's and Merger Sub's payment obligations under this Agreement and under the Commitment Letters to pay the Merger Consideration, any payments pursuant to Section 2.3 and any fees and expenses of or payable by Parent, Merger Sub or the Surviving Corporation or its Subsidiaries under this Agreement and under the Commitment Letters or Fee Letters and due on or before the Closing Date and (ii) all outstanding indebtedness of the Company and its Subsidiaries that is required pursuant to its terms to be prepaid, repaid, refinanced or satisfied and discharged at the Closing.

(f) As of the date hereof, the Commitment Letters are legal, valid and binding obligations of Parent and, to the Knowledge of Parent, of the other parties thereto, subject to the effects of (i) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general application affecting or relating to the enforcement of creditors' rights generally and (ii) general principles of equity, whether considered in a proceeding at law or in equity (such effects, the "Bankruptcy and Equity Exception"), and in full force and effect, and to the Knowledge of Parent, no event has occurred that, with or without notice, lapse of time, or both, would reasonably be expected to constitute a default or breach or a failure to satisfy a condition precedent on the part of Parent under the terms and conditions of the Commitment Letters. Parent has paid in full any and all commitment fees or other fees required to be paid pursuant to the terms of the Commitment Letters on or before the date of this Agreement and will pay in full any such amounts due on or before the Closing Date. None of the Commitment Letters has been modified, amended or altered as of the date hereof, none of the Commitment Letters will be amended, modified or altered at any time through the Closing, except as permitted by Section 5.11(a) (provided that Parent promptly notifies the Company in writing of any such amendment, modification or alteration), and none of the respective commitments under any of the Commitment Letters have been withdrawn or rescinded in any respect (and, to the Knowledge of Parent, no withdrawal or rescission thereof is contemplated or threatened as of the date of this Agreement).

(g) Without limiting Section 8.5, in no event shall the receipt or availability of any funds or financing (including, for the avoidance of doubt, the Financing) by Parent or any Affiliate thereof or any other financing or other transactions be a condition to any of Parent's or Merger Sub's obligations hereunder.

Section 4.6 Guarantee. Concurrently with the execution of this Agreement, Parent has delivered to the Company the guarantee addressed to the Company from KKR Americas Fund XII L.P. (the "Sponsor"), guaranteeing certain obligations of Parent and Merger Sub under this Agreement on the terms and subject to the conditions set forth therein (the "Guarantee"). As of the date hereof, the Guarantee is valid and in full force and effect and constitutes the valid and binding obligation of the Sponsor, enforceable in accordance with its terms, except as limited by the Bankruptcy and Equity Exception.

Section 4.7 Capitalization of Merger Sub. The authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value $0.01 per share, 100 of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by a wholly owned Subsidiary of Parent. Merger Sub has not conducted any business prior to the date hereof and has, and prior to the Effective

Time will have, no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

Section 4.8 No Vote of Parent Stockholders. No vote of the stockholders of Parent or the holders of any other securities of Parent (equity or otherwise) is required by any applicable Law, the certificate of incorporation or bylaws or other equivalent organizational documents of Parent or the applicable rules of any exchange on which securities of Parent are traded, in order for Parent to consummate the transactions contemplated hereby.

Section 4.9 Finders or Brokers. Neither Parent nor any of its Subsidiaries (including Merger Sub) has employed any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who might be entitled to any fee or any commission from the Company prior to Closing in connection with or upon consummation of the Merger.

Section 4.10 No Additional Representations.

(a) Each of Parent and Merger Sub acknowledges and agrees that it and its Representatives have received access to such books and records, facilities, equipment, contracts and other assets of the Company that it and its Representatives have desired or requested to review and that it and its Representatives have had a reasonable opportunity to meet with the management of the Company and to discuss the business and assets of the Company.

(b) Parent and Merger Sub agree and acknowledge that, except for the representations and warranties contained in Article 3, neither the Company nor any other Person makes any other express or implied representation or warranty on behalf of the Company or any of its Affiliates. Parent and Merger Sub agree and acknowledge that neither the Company nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Company or its Subsidiaries furnished or made available to Parent and its Representatives, except as expressly set forth in Article 3 (which includes the Company Disclosure Letter and the Company SEC Documents, as applicable), and neither the Company or its Subsidiaries, its or their directors, officers, employees, agents or other Representatives, nor any other Person, shall be subject to any liability to Parent or any other Person resulting from the Company's making available to Parent or Parent's use of such information, or any information, documents or material made available to Parent in the due diligence materials provided to Parent, including in the data room, other management presentations (formal or informal) or in any other form in connection with the transactions contemplated by this Agreement. Without limiting the foregoing, except as may be expressly set forth in Article 3, the Company makes no representation or warranty to Parent or Merger Sub with respect to any business or financial projection, guidance or forecast relating to the Company or any of its Subsidiaries, whether or not included in the data room or any management presentation. Each of Parent and Merger Sub, on its behalf and on behalf of its Affiliates, expressly waives any such claim relating to the foregoing matters.

Section 4.11 Certain Arrangements. As of the date hereof, there are no contracts, undertakings, commitments, agreements, obligations or understandings, whether written or oral, between Parent or Merger Sub, the Sponsor or any of their Affiliates, on the one hand, and any beneficial owner of more than five percent (5%) of the outstanding Shares or any member of the Company's management or the Board of Directors, on the other hand, relating in any way to the transactions contemplated by this Agreement or to the management of the Surviving Corporation after the Effective Time.

Section 4.12 Ownership of Common Stock. None of Parent, Merger Sub or any of their respective Subsidiaries beneficially owns, directly or indirectly (including pursuant to a derivatives contract), any Shares or other securities convertible into, exchangeable for or exercisable for Shares or any securities of any Subsidiary of the Company, and none of Parent, Merger Sub or any of their respective Subsidiaries has any rights to acquire, directly or indirectly, any Shares, except pursuant to this Agreement. None of Parent, Merger Sub or the Sponsor or any of their "affiliates" or "associates" is, or at any time during the last three years has been, an "interested stockholder" of the Company, in each case as defined in Section 203 of the DGCL.

Section 4.13 Solvency. Immediately after giving effect to the consummation of the transactions contemplated by this Agreement (including the financings being entered into in connection therewith) and assuming (i) the satisfaction or waiver of the conditions to Parent's and Merger Sub's obligations to consummate the Merger set forth in Section 6.1 and Section 6.3, (ii) the accuracy of the representations and warranties of the Company set forth in Article 3 (for such purposes, such representations and warranties shall be true and correct in all material respects without giving effect to any knowledge, materiality or "Company Material Adverse Effect" qualification or exception), (iii) that the most recent financial forecasts of the Company or its Subsidiaries that have been provided by or on behalf of the Company to Parent prior to the date hereof have been prepared in good faith based upon assumptions that were, at the time made, and continue to be, reasonable and (iv) immediately prior to the Effective Time the Company is solvent:

(a) the Fair Value of the assets of the Surviving Corporation and its Subsidiaries, taken as a whole, shall be greater than the total amount of their respective liabilities (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with GAAP, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed);

(b) the Surviving Corporation and its Subsidiaries, taken as a whole, shall be able to pay their respective debts and obligations in the ordinary course of business as they become due; and

(c) the Surviving Corporation and its Subsidiaries, taken as a whole, shall have adequate capital to carry on their businesses and all businesses in which they are about to engage.

(d) For the purposes of this Section 4.13, "Fair Value" means the amount at which the assets (both tangible and intangible), in their entirety, of the Surviving Corporation and its Subsidiaries would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

ARTICLE 5

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by the Company and Parent.

(a) From and after the date hereof and prior to earlier of the Effective Time and the date, if any, on which this Agreement is earlier terminated pursuant to Section 7.1 (the "Termination Date"), and except (i) as may be required by applicable Law, (ii) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or permitted by this Agreement or (iv) as set forth in Section 5.1 of the Company Disclosure Letter, the Company shall, and shall cause its Subsidiaries to, (x) conduct its business in all material respects in the ordinary course of business consistent with past practice and (y) use its commercially reasonable efforts to preserve intact in all material respects its business organization and business relationships; provided, however, that no action by the Company or its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.1(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such provision of Section 5.1(b).

(b) From and after the date hereof and prior to earlier of the Effective Time and the Termination Date, and except (w) as may be required by applicable Law, (x) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or permitted by this Agreement or (z) as set forth in Section 5.1 of the Company Disclosure Letter, the Company:

(i) shall not, and shall not permit any of its Subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of the Company or its Subsidiaries), except dividends and distributions paid by wholly owned Subsidiaries of the Company to the Company or to any of its other wholly owned Subsidiaries;

(ii) shall not, and shall not permit any of its Subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except for any such transaction by a wholly owned Subsidiary of the Company that remains a wholly owned Subsidiary after consummation of such transaction;

(iii) except as required by the Company Benefit Plans in existence on the date hereof, shall not, and shall not permit any of its Subsidiaries to (A) except for (1) increases in base salary in the ordinary course of business consistent with past practice to employees below the level of enterprise vice president, and (2) increases in compensation and benefits to clinical workers in the ordinary course of business consistent with past practice, increase the compensation or other benefits (including severance benefits) payable or provided to the Company's directors, officers or non-clinical individual independent contractors or employees, (B) enter into any employment, change of control, severance or retention agreement with any employee, officer or individual independent contractor of the Company or any of its Subsidiaries (except for an agreement entered into with a clinical employee in the ordinary course of business consistent with past practice), (C) adopt any material new employee benefit plan or arrangement or materially amend, modify or terminate any existing Company Benefit Plan, in each case, other than (1) as would not materially increase the cost to the Company or its Subsidiaries or (2) offer letters that are entered into in the ordinary course of business consistent with past practice with newly hired employees and that do not provide for any severance benefits, (D) take any action to accelerate the vesting or payment, or the funding of any payment or benefit under, any Company Benefit Plan, (E) make any equity or equity-based grants to directors, officers, individual independent contractors, employees or any other Person, or (F) hire or terminate the employment of any "officer" (within the meaning of Section 16(a) of the Exchange Act) of the Company, other than a termination for cause or due to permanent disability;

(iv) shall not, and shall not permit any of its Subsidiaries to, enter into or make any loans to any of its directors, employees, agents or consultants or make any change in its existing borrowing or lending arrangements for or on behalf of any of such Persons, except as required by the terms of any Company Benefit Plan;

(v) shall not, and shall not permit any of its Subsidiaries to, change financial accounting policies or procedures or any of its methods of reporting income, deductions or other items for financial accounting purposes, except as required by GAAP or SEC rule or policy;

(vi) shall not adopt any amendments to the certificate of incorporation or bylaws of the Company or any material amendments to the certificate of incorporation or bylaws (or equivalent organizational documents) of any of the Company's Subsidiaries, other than an amendment to the Company's certificate of incorporation and bylaws to declassify the Board of Directors as previously publicly disclosed;

(vii) shall not, and shall not permit any of its Subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other equity interests in any Subsidiaries of the Company or any securities convertible into, exercisable for or exchangeable for any such shares or equity interests or any rights, warrants or options to acquire any such shares of capital stock, equity interests or convertible or exchangeable securities, or take any action to cause to be vested any otherwise unvested Company Equity Award (except as otherwise provided by the terms of this Agreement or the express terms of any such Company Equity Award), other than (A) issuances of Shares in respect of any exercise of or settlement of Company Equity Awards outstanding on the date hereof, (B) the incurrence of any Permitted Liens, (C) sales of capital stock of Subsidiaries to third parties permitted by Section 5.1(b)(x)(i) or (D) transactions among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries;

(viii) except for transactions among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, purchase, redeem or otherwise acquire any shares of its capital stock or any rights, warrants or options to acquire any such shares, other than the acquisition of Shares from a holder of a Company Equity Award outstanding on the date hereof in satisfaction of withholding obligations or in payment of the exercise price;

(ix) shall not, and shall not permit any of its Subsidiaries to, incur, assume, modify on terms that are adverse in any material respect to the Company and its Subsidiaries, taken as a whole, or guarantee, any indebtedness for borrowed money, except for (A) any indebtedness among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, (B) guarantees or credit support provided by the Company or any of its Subsidiaries for indebtedness of the Company or any of its Subsidiaries, to the extent such indebtedness is (I) in existence on the date of this Agreement or (II) incurred in compliance with this Section 5.1(b)(ix), (C) indebtedness incurred pursuant to agreements in effect prior to the execution of this Agreement and set forth on Section 5.1(b)(ix) of the Company Disclosure Letter and (D) indebtedness not to exceed $50 million in aggregate principal amount outstanding at any time incurred by the Company or any of its Subsidiaries other than in accordance with clauses (A) through (C);

(x) except for transactions among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, (i) sell, lease, license (other than non-exclusive licenses in the ordinary course of business consistent with past practice), transfer, exchange or swap, abandon, allow to lapse or expire (other than in the ordinary course of business consistent with past practice) or subject to any Lien (other than Permitted Liens) or otherwise dispose of any portion of its properties, rights or assets, including the capital stock of Subsidiaries, having an aggregate fair market value in excess of $50 million, (ii) acquire (whether by merger, consolidation or acquisition of stock or assets or otherwise) or make any investment in any corporation, partnership or other business organization or division thereof having an aggregate fair market value in excess of $100 million (provided that, with respect to any fiscal quarter of the Company, the aggregate fair market value of such acquisitions and/or investments made in such quarter pursuant to this clause (ii) (including the potential acquisitions and/or investments set forth on Section 5.1(b)(x)(ii) of the Company Disclosure Letter and, in the case of the quarter ending June 30, 2018, amounts spent in respect of such acquisitions and/or investments prior to the date hereof in such quarter) shall not exceed the amount budgeted for such quarter in the related budget made available to Parent; provided, further, that the amount budgeted for any particular quarter will be deemed to be increased by an amount equal to the amount budgeted for all prior quarters (following the quarter ended March 31, 2018) that has not been expended) or (iii) make or authorize any new capital expenditures not reflected in the capital expenditures budget made available to Parent (other than acquisitions or investments permitted under clause (ii) of this Section 5.1(b)(x)) having an aggregate value in excess of $20 million, in each case, except pursuant to existing agreements in effect prior to the execution of this Agreement and set forth on Section 5.1(b)(x) of the Company Disclosure Letter;

(xi) shall not, and shall not permit any of its Subsidiaries to, (A) modify, amend, terminate or waive any rights under any Company Material Contract in any material respect, other than in the ordinary course of business consistent with past practice on terms that are not adverse in any material respect to the Company and its Subsidiaries, taken as a whole, (B) enter into any Contract that, if existing on the date hereof, would be a Company Material Contract, other than Company Material Contracts of the type referred to in (I) Section

3.18(a)(vi) or (II) Section 3.18(a) in respect of transactions or actions otherwise permitted by the other provisions of this Section 5.1(b), or (C) modify any privacy policy in any manner that is adverse in any material respect to the Company;

(xii) shall not, and shall not permit any of its Subsidiaries to, settle, pay, discharge or satisfy any Action, other than any Action that involves only the payment of monetary damages not in excess of $3 million individually or $10 million in the aggregate over the amount reflected or reserved against in the balance sheet (or the notes thereto) of the Company SEC Documents relating to Actions; provided, that with respect to Actions relating to medical malpractice and related legal theories such as negligent hiring, supervision and credentialing, the Company and its Subsidiaries may settle, pay, discharge, waive or satisfy such Actions in an amount not in excess of $15 million in the aggregate over captive or third-party insurance policy limits (which amounts shall not count against the $3 million and $10 million caps in this Section 5.1(b)(xii));

(xiii) shall not, and shall not permit any of its Subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries or enter into a new line of business;

(xiv) shall not make (other than in connection with the filing of Tax Returns in the ordinary course of business consistent with past practice), change or revoke any material Tax election, adopt (other than in connection with the filing of Tax Returns in the ordinary course of business consistent with past practice) or change any accounting method with respect to material Taxes or adopt or change any accounting period with respect to material Taxes, file any amended material Tax Return, enter into any closing agreement relating to a material amount of Taxes, settle or compromise any material Tax liability (other than with respect to settlements or compromises of any Tax liability for an amount that does not materially exceed the amount disclosed, reflected or reserved in accordance with GAAP in the consolidated financial statements included in the Company SEC Documents with respect to the relevant Tax matter at issue as determined after good faith consultation with Parent), or surrender any right to claim a material refund of Taxes (it being agreed and understood that, notwithstanding any other provision in this Agreement, none of clauses (i) through (xiii) nor (xv) through (xvii) shall apply to Tax matters);

(xv) shall not, and shall not permit any of its Subsidiaries, to recognize any union or other labor organization as the representative of any of the employees of the Company or any of the Subsidiaries, or enter into any new or amended collective bargaining agreement with any labor organization, in each case, except as required by applicable Law;

(xvi) shall not, and shall not permit any of its Subsidiaries to, (i) enter into or amend in any manner any Contract with any Person covered under Item 404 of Regulation S-K under the Securities Act or (ii) make any payment to any Person covered under Item 404 of Regulation S-K under the Securities Act (other than any payments, transactions or benefits pursuant to Contracts or Company Benefit Plans made available to Parent prior to the date hereof, or otherwise as permitted by Section 5.1(b)(iii));

(xvii) shall not adopt a rights plan, "poison pill" or similar agreement that is, or at the Effective Time will be, applicable to this Agreement, the Merger or the other transactions contemplated hereby; and

(xviii) shall not, and shall not permit any of its Subsidiaries to, authorize or agree, in writing or otherwise, to take any of the foregoing actions.

(c) Between the date hereof and the earlier of the Effective Time and the Termination Date, Parent and Merger Sub shall not take or agree to take any action (including entering into agreements with respect to any acquisitions, mergers, consolidations or business combinations or entering into any new lines of business) that would reasonably be expected to result in, individually or in the aggregate, a Parent Material Adverse Effect.

Section 5.2 Control of Operations. Nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its operations.

Section 5.3 Access.

(a) Subject to compliance with applicable Laws, the Company shall afford to Parent and to its officers, employees, Affiliates, accountants, consultants, legal counsel, financial advisors, financing sources and agents and other representatives (collectively, "Representatives"), and, subject to their joinder to the Confidentiality Agreements or their having executed a confidentiality agreement with the Company in form and substance reasonably acceptable to the Company (it being understood that a confidentiality agreement with the Company having provisions as to confidential treatment of information and other terms that are not less favorable in any material respect to the Company than the confidentiality and other provisions of the Initial Confidentiality Agreement will be deemed to be reasonably acceptable to the Company), *bona fide* potential purchasers of assets of the Company and its Subsidiaries and their respective Representatives as may reasonably be requested by Parent, reasonable access during normal business hours, upon reasonable advance notice, throughout the period prior to the earlier of the Effective Time and the Termination Date, to the Company's and its Subsidiaries' personnel, properties, contracts, commitments, books and records (provided that in the case of such potential purchasers of assets and their respective Representatives, the Company may limit such access to the assets of the Company and its Subsidiaries that are the subject of such potential purchase and, if applicable, apply "clean team" and other similar customary procedures), other than any such matters that relate to the negotiation and execution of this Agreement, including with respect to the consideration or valuation of the Merger or any financial or strategic alternatives thereto, or any Alternative Proposal or Superior Proposal (which shall be governed by Section 5.4). The foregoing notwithstanding, the Company shall not be required to afford such access if it would unreasonably disrupt the operations of the Company or any of its Subsidiaries, would cause a violation of any agreement to which the Company or any of its Subsidiaries is a party, would cause a risk of a loss of privilege or trade secret protection to the Company or any of its Subsidiaries or would constitute a violation of any applicable Law. The parties hereto shall use reasonable best efforts to make appropriate substitute arrangements under circumstances in which the restrictions of the preceding sentence apply to allow access in a manner that does not result in such effects.

(b) Parent hereby agrees that all information provided to it or any of its Representatives in connection with this Agreement and the consummation of the transactions contemplated hereby shall be treated in accordance with, the confidentiality agreement, dated as of February 5, 2018, between the Company and Kohlberg Kravis Roberts & Co. L.P. (the "Initial Confidentiality Agreement"), and the Clean Team Confidentiality Agreement, dated as of April 6, 2018, between the Company and Kohlberg Kravis Roberts & Co. L.P. (together with the Initial Confidentiality Agreement, the "Confidentiality Agreements").

Section 5.4 No Solicitation.

(a) Except as expressly permitted by the provisions of this Section 5.4, from the date hereof until the earlier of the Effective Time and the Termination Date, the Company agrees that it shall not, and shall cause its Subsidiaries, Affiliates and Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiries with respect to, or the making or submission of any proposals or offers that constitute, or that would reasonably be expected to lead to, an Alternative Proposal, (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding or that would reasonably be expected to lead to, an Alternative Proposal or provide access to its properties, books and records or any nonpublic information or data to any Person (other than Parent, Merger Sub or their respective Representatives) relating to the Company, its Subsidiaries and its Affiliates in connection with the foregoing (except, in each case, solely to notify such Person as to the existence of the provisions of this Section 5.4), (iii) enter into any letter of intent or agreement in principle or any agreement providing for any Alternative Proposal (except for confidentiality agreements permitted under Section 5.4(b)) (an "Alternative Acquisition Agreement"), (iv) approve, endorse, or recommend, or publicly propose to approve, endorse or recommend, any Alternative Proposal or (v) take any action to make any provision of any "fair price," "moratorium," "control share acquisition" or other form of antitakeover statute or regulation (or any related provision in the Company's certificate of incorporation or bylaws) inapplicable to any transactions contemplated by an Alternative Proposal. The Company agrees that it shall, and shall cause its Subsidiaries, Affiliates and Representatives to, (1) immediately cease and cause to be terminated any solicitations, discussions or negotiations with any Persons (other than Parent, Merger Sub and their respective Representatives) in connection with any Alternative Proposal, (2) terminate access to any physical or electronic data rooms hosted by or on behalf of the Company by any Person (other than Parent, Merger Sub and their respective Representatives) and (3) deliver written notice to each such Person requesting that such Person (other than Parent, Merger Sub and their respective Representatives) promptly return or destroy all confidential information regarding the Company and its Subsidiaries in accordance with the applicable confidentiality agreement between the Company and such Person. The Company shall promptly (and in any event within 24 hours) notify Parent orally and in writing of (A) the receipt by the Company, any of its Subsidiaries or any of their Representatives of an Alternative Proposal, (B) any inquiry, proposal, offer or request for information received by the Company, any of its Subsidiaries or any of their Representatives with respect to, or that would reasonably be expected to lead to, an Alternative Proposal or (C) any solicitations, discussions or negotiations sought to be initiated or continued with the Company, its Subsidiaries or its Affiliates or any of their respective

Representatives concerning an Alternative Proposal, which notice shall include (x) a summary of the material terms and conditions of, and the identity of the Person or the group of Persons making, such Alternative Proposal, inquiry, offer, proposal or request for information and a copy of any such Alternative Proposal, inquiry, offer, proposal or request for information made in writing (including any draft agreements or term sheets, financing commitments and other agreements submitted therewith) and (y) a summary of the material terms and conditions of any such Alternative Proposal, inquiry, offer, proposal or request for information not made in writing. In addition, from and after the date hereof, the Company shall (i) notify Parent in writing if the Company determines to begin providing non-public information or to engage in discussions or negotiations concerning an Alternative Proposal in accordance with Section 5.4(b), (ii) thereafter keep Parent reasonably informed in all material respects of the status and terms (including any material change to the terms of any such Alternative Proposal) of any such Alternative Proposal, inquiry, offer, proposal or request for information and (iii) provide Parent promptly after the receipt or delivery of copies of all written proposals, offers or draft agreements sent or provided to the Company, its Affiliates or its Representatives from any Person that describes any of the terms or conditions of any such Alternative Proposal, inquiry, offer, proposal or request for information. The Company shall not, and shall cause its Affiliates not to, after the date hereof, enter into any Contract with any Person that prohibits or otherwise limits the Company from providing any information contemplated by this Section 5.4 to Parent, Merger Sub or their Representatives or otherwise complying with its obligations in this Section 5.4.

(b) Notwithstanding anything in this Section 5.4 to the contrary, at any time prior to the receipt of the Company Stockholder Approval, if (A) the Company receives an unsolicited written Alternative Proposal that did not result from a breach of this Section 5.4, (B) the Board of Directors determines in good faith after consultation with its outside legal counsel and financial advisors that such Alternative Proposal would reasonably be expected to result in a Superior Proposal and (C) the Board of Directors shall have determined in good faith, after consultation with its outside legal counsel that the failure to take the actions in clauses (x) and (y) below would be inconsistent with its fiduciary duties under applicable Law, the Company may take the following actions: (x) furnish nonpublic information of the Company or its Subsidiaries to the third party making such Alternative Proposal, if, and only if, prior to so furnishing such information, the third party has executed a confidentiality agreement with the Company having provisions as to confidential treatment of information and other terms that are not less favorable in any material respect to the Company than the confidentiality and other provisions of the Confidentiality Agreements (it being understood that such confidentiality agreement need not prohibit the making or amendment of any confidential Alternative Proposal); provided that any such nonpublic information has previously been provided to Parent or is provided to Parent prior to or substantially concurrently with the time such information is furnished to such third party, and (y) engage in discussions or negotiations with the third party with respect to the Alternative Proposal. From the date hereof until the earlier of the Effective Time and the Termination Date, the Company shall not, and shall cause its Subsidiaries not to, terminate, amend, modify or waive any provision of any confidentiality agreement, standstill or similar agreement to which the Company or any of its Subsidiaries is a party and shall use reasonable best efforts to enforce the provisions of any such agreement; provided that the Company may grant a limited waiver of such provision if the Board of Directors shall have determined in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable Law and such waiver is limited to the extent reasonably necessary to allow such Person to make a confidential Alternative Proposal to the Board of Directors.

(c) Except as set forth in this Section 5.4, the Board of Directors shall not (i) withdraw (or modify or qualify in any manner adverse to Parent), or propose publicly to withdraw (or modify or qualify in any manner adverse to Parent) the Recommendation, (ii) approve, recommend, endorse or declare advisable or publicly propose to approve, recommend, endorse or declare advisable any Alternative Proposal, (iii) fail to reaffirm publicly the Recommendation within five Business Days of a request therefor in writing from Parent following the public disclosure of an Alternative Proposal (other than of the type referred to in the following clause (v)) (or, if the Company Meeting is scheduled to be held within five Business Days of such request, within two Business Days after such request and in any event, prior to the date of the Company Meeting), (iv) fail to include the Recommendation in the Proxy Statement or (v) fail to recommend, in a Solicitation/Recommendation Statement on Schedule 14D-9, against any Alternative Proposal that is a tender or exchange offer subject to Regulation 14D promulgated under the Exchange Act within ten Business Days after the commencement (within the meaning of Rule 14d-2 under the Exchange Act) of such tender offer or exchange offer (any such action, a "Change of Recommendation"). Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Company Stockholder Approval, the Board of Directors may, in response to a written Alternative Proposal received by the Company after the date of this Agreement on an unsolicited basis and that did not result from a breach of this Section 5.4, (x) make a Change of Recommendation or (y) cause the Company to terminate this Agreement pursuant to Section 7.1(g); provided, however, that the Board of Directors shall not be entitled to make such a Change of Recommendation or cause any termination of this Agreement pursuant to Section 7.1(g) unless (A) the Board of Directors determines in good faith, (1) after consultation with its outside legal counsel and financial advisors, that such Alternative Proposal constitutes a Superior Proposal and (2) after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable Law and (B)(1) the Company shall have given Parent at least four Business Days' written notice (a "Superior Proposal Notice") advising Parent of its intention to make such a Change of Recommendation or terminate this Agreement, which Superior Proposal Notice shall include a description of the terms and conditions of the Superior Proposal that is the basis for the proposed action of the Board of Directors, the identity of the Person making the Superior Proposal and a copy of any written offer or proposal, proposed definitive agreements, proposed or committed financing documentation and any other related documents for such Superior Proposal, if any, (2) during such four Business Day period, if requested by Parent, the Company, its Subsidiaries and their respective Representatives shall meet and engage in good faith negotiations with Parent and its Representatives to amend the terms and conditions of this Agreement in such a manner so that such Alternative Proposal would cease to constitute a Superior Proposal and (3) at the end of such four Business Day period, after taking into account any proposal made by Parent to amend the terms of this Agreement during the period following delivery of such Superior Proposal Notice, the Board of Directors determines in good faith (x) after consultation with its outside legal counsel and financial advisors, that the Alternative Proposal giving rise to the Superior Proposal Notice continues to constitute a Superior Proposal and (y) after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable Law; provided that any material modifications or amendments to the terms of such Alternative Proposal shall commence a new notice period under clause (B) of three Business Days.

(d) Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Company Stockholder Approval, the Board of Directors may, in response to an Intervening Event, make a Change of Recommendation contemplated by clauses (i) or (iv) of the definition thereof if the Board of Directors determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Board of Directors to take such action would be inconsistent with its fiduciary duties under applicable Law; provided, however, that the Board of Directors shall not be entitled to make such a Change of Recommendation unless (i) the Company shall have given Parent at least four Business Days' written notice (an "Intervening Event Notice") advising Parent of its intention to make such a Change of Recommendation, which Intervening Event Notice shall include a description of the applicable Intervening Event, (ii) during such four Business Day period, if requested by Parent, the Company, its Subsidiaries and their respective Representatives shall meet and engage in good faith negotiations with Parent and its Representatives to amend the terms and conditions of this Agreement in such a manner that would permit the Board of Directors not to make such Change of Recommendation and (iii) at the end of such notice period, after taking into account any proposal made by Parent to amend the terms of this Agreement during the period following delivery of such Intervening Event Notice, the Board of Directors determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Board of Directors to make such Change of Recommendation contemplated by clauses (i) or (iv) of the definition thereof would continue to be inconsistent with its fiduciary duties under applicable Law.

(e) Nothing contained in this Agreement shall prohibit the Company or its Board of Directors from (i) disclosing to its stockholders a position contemplated by Rules 14d-9 and 14e-2(a) under the Exchange Act or from issuing a "stop, look and listen" statement pending disclosure of its position thereunder or (ii) making any other legally required disclosure to its stockholders; provided that (A) any disclosure made as permitted under clause (ii) above that relates to an Alternative Proposal (other than any "stop, look and listen" communication) shall be deemed to be a Change of Recommendation unless the Board of Directors expressly publicly reaffirms the Recommendation in connection with such disclosure and (B) any Change of Recommendation may only be made in accordance with clauses (c) and (d) of this Section 5.4.

(f) "Alternative Proposal" means any *bona fide* inquiry, proposal or offer made by any Person (other than Parent or Merger Sub or their Affiliates) relating to or concerning (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, (ii) the direct or indirect acquisition by any Person of more than twenty percent (20%) of the assets (including equity interests of any Subsidiary of the Company) of the Company and its Subsidiaries, on a consolidated basis, (iii) the direct or indirect acquisition by any Person of more than twenty percent (20%) of the total voting power of equity securities of the Company (or any Subsidiary or Subsidiaries of the Company representing twenty percent (20%) or more of the consolidated revenue, net income or assets of the Company and its Subsidiaries taken as a whole) or (iv) any tender offer or exchange offer that if consummated would result in any Person beneficially owning twenty percent (20%) or more of the total voting power of equity securities of the Company.

(g) "Superior Proposal" means a *bona fide* written unsolicited Alternative Proposal, substituting in the definition thereof "fifty percent (50%)" for "twenty percent (20%)" in each place it appears, that the Board of Directors determines in good faith, after consultation with the Company's outside legal counsel and financial advisors, and considering all financial (including financing terms), legal, timing, regulatory and other aspects and risks of such Alternative Proposal and the Person making such Alternative Proposal, (i) is reasonably capable of being consummated in accordance with its terms and (ii) would, if consummated, result in a transaction that is more favorable from a financial point of view to the stockholders of the Company than the transactions contemplated by this Agreement.

(h) "Intervening Event" means any event, change, occurrence or development that is material to the Company and its Subsidiaries taken as a whole that (i) is unknown and not reasonably foreseeable to the Board of Directors as of the date hereof, or if known and reasonably foreseeable to the Board of Directors as of the date hereof, the material consequences of which were not known and reasonably foreseeable to the Board of Directors as of the date hereof, (ii) becomes known prior to the receipt of the Company Stockholder Approval and (iii) does not involve or relate to any Alternative Proposal.

Section 5.5 Filings; Other Actions.

(a) As promptly as reasonably practicable after the date hereof (and in any event within twenty Business Days after the date hereof), the Company shall prepare and file with the SEC the Proxy Statement, which shall, subject to Section 5.4, include the Recommendation, and shall use reasonable best efforts to respond to any comments by the SEC staff in respect of the Proxy Statement as promptly as reasonably practicable after the receipt thereof, to have the Proxy Statement cleared by the SEC staff as promptly as reasonably practicable and shall cause the definitive Proxy Statement to be mailed to the Company's stockholders as of the record date established for the Company Meeting promptly following the time the Proxy Statement is cleared by the SEC for mailing to the Company's stockholders (and in any event within five Business Days after such time). Unless the Board of Directors has made a Change of Recommendation in accordance with Section 5.4(c) or Section 5.4(d), the Recommendation shall be included in the Proxy Statement. Parent and Merger Sub shall provide to the Company such information concerning themselves and their Affiliates as is customarily included in a proxy statement prepared in connection with a transaction of the type contemplated by this Agreement or as otherwise required by applicable Law, requested by the SEC or its staff or as the Company may reasonably request. Prior to filing or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC or its staff with respect thereto, the Company shall provide Parent and its counsel a reasonable opportunity to review and to propose comments on such document or response and consider in good faith such comments reasonably proposed by Parent or its counsel for inclusion therein. If at any time prior to the Company Meeting any information relating to the Company or Parent, or any of their respective Affiliates, should be discovered by a party, which information should be set forth in an amendment or supplement to the Proxy Statement, so that either the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, the party that discovers such information shall promptly notify the other party and the Company shall prepare (with the assistance of Parent) and mail to its stockholders such an amendment or supplement, in each case, to the extent required by applicable Law. Each of the Company, Parent and Merger Sub agrees to promptly (i) correct any information provided by it specifically for use in the Proxy Statement if and to the extent that such information shall have become false or misleading in any material respect and (ii) supplement the information provided by it specifically for use in the Proxy Statement to include any information that shall become necessary in order to make the statements in the Proxy Statement, in light of the circumstances under which they were made, not misleading. The Company agrees to cause the Proxy Statement as so corrected or supplemented promptly to be filed with the SEC and to be disseminated to its stockholders, in each case as and to the extent required by applicable Law.

(b) Subject to the other provisions of this Agreement, the Company shall (i) take all action required, including under the DGCL and its certificate of incorporation and bylaws, to set a record date for, duly call, give notice of, convene and hold promptly following the mailing of the Proxy Statement a meeting of its stockholders for the purpose of obtaining the Company Stockholder Approval (the "Company Meeting"), it being understood that the Company Meeting may also be the Company's annual meeting of stockholders, with the record date and meeting date of the Company Meeting to be selected after reasonable consultation with Parent, and (ii) subject to a Change of Recommendation in accordance with Section 5.4, use reasonable best efforts to solicit from its stockholders proxies in favor of the approval of the adoption of this Agreement. The Company shall keep Parent reasonably informed on a reasonably current basis, and promptly upon the Company's request, of the status of its efforts to solicit such approval. The Company may postpone or adjourn the Company Meeting (A) with the written consent of Parent, (B) if a quorum has not been established at the time of the originally scheduled Company Meeting, (C) if required by applicable Law, (D) after consultation with Parent, with respect to any supplemental or amended disclosure that the Board of Directors has determined in good faith after consultation with its outside legal counsel is necessary under applicable Law, to the extent necessary to ensure such supplemental or amended disclosure is provided to stockholders of the Company within a reasonable amount of time in advance of the Company Meeting or (E) to allow reasonable additional time to solicit additional proxies if necessary in order to obtain the Company Stockholder Approval; provided that the Company Meeting shall not be postponed or adjourned to a date that is more than thirty (30) days after the date on which the Company Meeting was (or was required to be) originally scheduled without the prior written consent of Parent. In no event will the record date of the Company Meeting be changed without Parent's prior written consent, unless required by applicable Law.

Section 5.6 Employee Matters.

(a) From and after the Effective Time, the Company shall, and Parent shall cause the Company to, honor all Company Benefit Plans in accordance with their terms as in effect immediately before the Effective Time. For a period of one year following the Effective Time (or if earlier, the date of the Company Employee's termination of employment with the Company or the applicable Subsidiary), Parent shall provide, or shall cause to be provided, to each employee of the Company and its Subsidiaries who is employed at the Effective Time ("Company Employees") (i) base compensation and a target annual cash incentive opportunity that are no less favorable than those that were provided to the Company Employee immediately before the Effective Time, and (ii) all other compensation and employee benefits (excluding equity-based and long-term incentive compensation) that are substantially comparable, in the aggregate, to all other compensation and employee benefits (excluding equity-based and long-term incentive compensation) provided by the Company or its Subsidiaries to such Company Employee immediately prior to the Effective Time. Without limiting the generality of the immediately preceding sentence, (A) Parent shall or shall cause the Surviving Corporation to provide to each Company Employee whose employment terminates during the one-year period following the Effective Time severance benefits equal to the severance benefits, if any, that would have been provided to the Company Employee under the Company's severance arrangements in effect immediately prior to the Effective Time, and (B) during such one-year period following the Effective Time, severance benefits offered to each Company Employee shall be determined without taking into account any reduction after the Effective Time in compensation paid or benefits provided to such Company Employee.

(b) For all purposes (including for purposes of vesting, eligibility to participate and level of benefits) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employees after the Effective Time (the "New Plans"), each Company Employee shall be credited with his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service under any similar Company Benefit Plan in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time, provided that the foregoing shall not apply with respect to benefit accrual under any defined benefit pension plan or to the extent that its application would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing, (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan is comparable to a Company Benefit Plan in which such Company Employee participated immediately before the Effective Time (such plans, collectively, the "Old Plans"), and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, Parent shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or its Subsidiaries in which such employee participated immediately prior to the Effective Time, and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plans ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) The Company may implement a retention program in accordance with Section 5.6(c) of the Company Disclosure Letter.

(d) If the Effective Time occurs prior to the time annual bonuses in respect of 2018 would be paid by the Company in the ordinary course of business, then Parent shall pay annual bonuses in respect of 2018 based on actual performance to each Company Employee who participates in an annual bonus plan covering 2018 as of the Effective Time and who remains employed with Parent, the Company or their respective Subsidiaries through the applicable payment date; provided that, if, prior to the applicable payment date, the Company Employee experiences a termination of employment entitling such Company Employee to severance benefits under any Company Benefit Plan or New Plan, then Parent shall pay such Company Employee a prorated annual bonus (calculated based on actual performance) for the portion of 2018 elapsed through such termination of employment. The level of achievement of the performance goals for such 2018 annual bonuses may be made (i) without regard to any expenses or costs incurred or accrued by the Company and its Subsidiaries during 2018 that are associated with, or arise as a result of, or in connection with the transactions contemplated by this Agreement (including any advisory or consulting fees) or any nonrecurring charges that would not reasonably be expected to have been incurred by the Company and its Subsidiaries had the transactions contemplated by this Agreement not arose, and (ii) such that any acquisition shortfall or unanticipated divestiture does not count against target achievement.

(e) Without limiting the generality of Section 8.10, the provisions of this Section 5.6 are solely for the benefit of the parties to this Agreement, and no current or former director, employee or individual independent contractor or any other Person shall be a third-party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any Company Benefit Plan or other compensation or benefit plan or arrangement for any purpose.

Section 5.7 Efforts.

(a) Subject to the terms and conditions set forth in this Agreement, each of the parties hereto shall use all reasonable best efforts to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as promptly as practicable after the date hereof and in any event prior to the End Date, including (i) the obtaining of all necessary actions or nonactions, waivers, consents, clearances, approvals and expirations or terminations of waiting periods, including the Specified Approvals and the Parent Approvals, from Governmental Entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary consents, approvals or waivers from third parties, (iii) the defending of any Actions, lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Merger and the other transactions contemplated by this Agreement, (iv) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement and (v) promptly, but in no event later than 15 Business Days after the date hereof, file or cause to be filed any and all required notifications, applications and other filings set forth on Section 5.7(a) of the Company Disclosure Letter; provided, however, that in no event shall the Company or any of its Subsidiaries be required to pay, or pay any non-*de minimis* amounts without the prior written consent of Parent, prior to the Effective Time any fee, penalty or other consideration to any third party for any consent or approval required for or triggered by the consummation of the transactions contemplated by this Agreement under any contract or agreement or otherwise.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, the Company, Parent and its Subsidiaries and Merger Sub shall (i) promptly, but in no event later than 15 Business Days after the date hereof, file or cause to be filed any and all required notification and report forms under the HSR Act with respect to the Merger and the other transactions contemplated by this Agreement, and use all reasonable best efforts to cause the expiration or termination of any applicable waiting periods under the HSR Act, (ii) use all reasonable best efforts to cooperate with each other in (A) determining whether any other filings are required to be made with, or consents, permits, authorizations, waivers, clearances, approvals, and expirations or terminations of waiting periods are required to be obtained from, any Governmental Entities pursuant to any Antitrust Law in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and (B) promptly making all such filings and timely obtaining all such consents, permits, authorizations, waivers, clearances, approvals or expirations or terminations of waiting periods, (iii) supply or cause to be supplied to any Governmental Entity pursuant to any Antitrust Law as promptly as reasonably practicable any additional information or documents that may be requested pursuant to any such Antitrust Law or by such Governmental Entity pursuant to any Antitrust Law and (iv) take, or cause to be taken, all such further action as may be necessary to resolve such objections, if any, as the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, state antitrust enforcement authorities, or any other Governmental Entity may assert pursuant to any Antitrust Law with respect to the transactions contemplated hereby, and to avoid or eliminate each and every impediment under any Antitrust Law that may be asserted by any Governmental Entity with respect to the Merger so as to enable the Closing to occur as promptly as practicable after the date hereof (and in any event no later than the End Date), including (x) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, license, hold separate or disposition of any and all of the share capital or other equity voting interest, assets (whether tangible or intangible), products or businesses of Parent or its Subsidiaries or of the Company or its Subsidiaries and (y) otherwise taking or committing to take any actions that after the Closing Date would limit Parent's or its Subsidiaries' (including the Surviving Corporation's) freedom of action with respect to, or their ability to retain, one or more of their Subsidiaries' (including the Surviving Corporation's) assets (whether tangible or intangible), products, or businesses, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any Action pursuant to any Antitrust Law that would otherwise have the effect of preventing the Closing, delaying the Closing or delaying the Closing beyond the End Date; provided that with respect to the matters in this Section 5.7, Parent shall in any event control the strategy and process relating to obtaining all approvals under any Antitrust Law so long as Parent reasonably consults in advance with the Company and considers in good faith the views of the Company with respect thereto. Notwithstanding anything to the contrary in this Agreement, nothing in this Section 5.7(b) or elsewhere in this Agreement shall require Parent or Merger Sub to take or agree to take any action with respect to any of their Affiliates (other than Parent, the Surviving Corporation and their Subsidiaries), including selling, divesting, conveying, holding separate or otherwise limiting its freedom of action with respect to any assets, rights, products, licenses, businesses, operations or interest therein of any such Affiliates (other than Parent, the Surviving Corporation and their Subsidiaries) or any direct or indirect portfolio companies of investment funds advised or managed by one or more Affiliates of Parent or Merger Sub (other than the Surviving Corporation and its Subsidiaries). Notwithstanding anything to the contrary in this Agreement, neither the Company nor any of its Subsidiaries shall be required to become subject to, or consent or agree to or otherwise take any action with respect to, any requirement, condition, understanding, agreement or order to sell, divest, license, hold separate or otherwise dispose of, or to conduct, restrict, operate, invest or otherwise change the assets, operations or business of the Company or any of its Subsidiaries, unless such requirement, condition, understanding, agreement or order is binding on or otherwise applicable to the Company or its Subsidiaries only from and after the Effective Time in the event that the Closing occurs. Except as otherwise permitted under this Agreement, the Company, Parent and Merger Sub shall not (and shall cause their Subsidiaries not to) take or agree to take any action that would be reasonably likely to prevent or materially delay the Closing.

(c) The Company, Parent and Merger Sub shall cooperate and consult with each other in connection with the making of all registrations, filings, notifications, communications, submissions and any other actions pursuant to this Section 5.7(c), and, subject to applicable legal limitations and the instructions of any Governmental Entity, the Company, on the one hand, and Parent and Merger Sub, on the other hand, shall keep each other apprised of the status of matters relating to the completion of the transactions contemplated thereby, including promptly furnishing the other with copies of notices or other communications received by the Company or Parent, as the case may be, or any of their respective Subsidiaries or HSR Affiliates, from any third party and/or any Governmental Entity pursuant to any Antitrust Law with respect to such transactions and promptly notifying the other of any transaction or agreement to effect any transaction known to the Company, Parent, or their respective Subsidiaries or HSR Affiliates, which would reasonably be expected to, individually or in aggregate, prevent or materially delay or impede the ability of any of the parties hereto to obtain any necessary approvals or clearances of any Governmental Entity required for the transactions contemplated hereby; provided that the foregoing shall not apply to third-party hedge fund or asset managers in which KKR & Co. L.P. or any Affiliate thereof owns a minority stake. Subject to applicable Law relating to the exchange of information, the Company, on the one hand, and Parent and Merger Sub, on the other hand, shall permit counsel for the other party reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed notifications or filings and any written communications or submissions, and with respect to any such notification, filing, written communication or submission, any documents submitted therewith to any Governmental Entity pursuant to any Antitrust Law. Any materials shared under this Section 5.7(c) may be redacted (x) to remove references concerning the valuation of the businesses of the Company and its Subsidiaries, or proposals from third parties made prior to the date hereof with respect thereto, (y) as necessary to comply with contractual agreements and (z) as necessary to address reasonable privilege or confidentiality concerns, and may be provided on an outside counsel only basis. Each of the Company, Parent and Merger Sub agrees not to participate in any meeting or discussion, either in person or by telephone, with any Governmental Entity in connection with the proposed transactions unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Entity, gives the other party (or its outside counsel, as appropriate) the opportunity to attend and participate.

(d) In furtherance and not in limitation of the covenants of the parties contained in this Section 5.7, but subject to the other provisions of this Section 5.7, if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this

Agreement as violative of any Law, each of the Company, Parent and Merger Sub shall cooperate in all respects with each other and shall use their respective reasonable best efforts to contest and resist any such Action or proceeding and to have vacated, lifted, reversed or overturned any Action, decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Merger and the other transactions contemplated by this Agreement.

Section 5.8 Takeover Statute. If any "fair price," "moratorium," "control share acquisition" or other form of antitakeover statute or regulation shall become applicable to the transactions contemplated hereby, each of the Company, Parent and Merger Sub and the members of their respective Boards of Directors shall grant such approvals and take such actions as are reasonably necessary so that the transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of such statute or regulation on the transactions contemplated hereby.

Section 5.9 Public Announcements. The Company, Parent and Merger Sub shall consult with and provide each other the opportunity to review and comment upon any press release or other public statement or comment prior to the issuance of such press release or other public statement or comment relating to this Agreement or the transactions contemplated herein and shall not issue any such press release or other public statement or comment prior to such consultation, except as may be required by applicable Law or by obligations pursuant to any listing agreement with any national securities exchange or as may be requested by a Governmental Entity; provided that the restrictions in this Section 5.9 shall not apply to any Company communication regarding an Alternative Proposal or with respect to a Change of Recommendation, in each case to the extent permitted by Section 5.4(c). Parent and the Company agree to issue a joint press release as the first public disclosure of this Agreement. Notwithstanding the foregoing, each of Parent and its Affiliates may, without any such consultation, make ordinary course disclosures and communications to existing or prospective general and limited partners, equityholders, members, managers and investors of such Person or any of its Affiliates, in each case who are subject to customary confidentiality restrictions, and on such Person's website in the ordinary course of business.

Section 5.10 Indemnification and Insurance.

(a) Parent and Merger Sub agree that all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors or officers, as the case may be, of the Company or its Subsidiaries as provided in their respective certificates of incorporation or bylaws or other organizational documents or in any indemnification agreement set forth on Section 5.10 of the Company Disclosure Letter, shall survive the Merger and shall continue at and after the Effective Time in full force and effect. For a period of six years after the Effective Time, Parent shall cause the Surviving Corporation to maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company's and any Company Subsidiary's certificates of incorporation and bylaws or similar organizational documents as in effect as of the date of this Agreement or in any indemnification agreements of the Company or its Subsidiaries with any of their respective directors or officers set forth on Section 5.10 of the Company Disclosure Letter as in effect as of the date of this Agreement, and shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the Effective Time were current or former directors or officers of the Company or any of its Subsidiaries; provided, however, that all rights to indemnification in respect of any Action pending or asserted or any claim made within such period shall continue until the final disposition of such Action or resolution of such claim, even if beyond such six-year period. From and after the Effective Time, Parent shall cause the Surviving Corporation and its Subsidiaries to honor, in accordance with their respective terms, each of the covenants contained in this Section 5.10.

(b) For a period of six years after the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, to the fullest extent permitted under applicable Law, indemnify and hold harmless (and advance funds in respect of each of the foregoing or any related expenses in accordance herewith) each current and former director or officer of the Company or any of its Subsidiaries and each Person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise at the request of or for the benefit of the Company or its Subsidiaries (each, together with such Person's heirs, executors or administrators, and successors and assigns, an "Indemnified Party") against any costs or expenses (including advancing attorneys' fees and expenses in advance of the final disposition of any Action to each Indemnified Party to the fullest extent permitted by Law following receipt of an undertaking by or on behalf of such Person to repay such amount if it is ultimately determined that such Person was not entitled to indemnification under this Section 5.10), judgments, fines, losses, claims, damages, obligations, costs, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (an "Action"), arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred whether before or after the Effective Time (including acts or omissions in connection with such Persons serving as an officer, director, employee or other fiduciary in any entity if such service was at the request or for the benefit of the Company or its Subsidiaries). In the event of any such Action, Parent and the Surviving Corporation shall have the right to control the defense thereof, and the Indemnified Party shall reasonably cooperate with the Surviving Corporation in the defense of any such Action.

(c) For a period of six years from the Effective Time, Parent shall cause the Surviving Corporation to, and the Surviving Corporation shall, maintain in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the Effective Time; provided, however, that after the Effective Time, Parent shall not be required to pay annual premiums in excess of 300% of the last annual premium paid by the Company prior to the date hereof in respect of the coverage required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for such amount. In lieu of the foregoing, Parent or the Company (with the written consent of Parent) may purchase, prior to the Effective Time, a six-year prepaid "tail" policy on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the Effective Time, covering without limitation the transactions contemplated hereby at a cost not exceeding 300% of the last annual premium paid by the Company prior to the date hereof with respect to such coverage. If such prepaid "tail" policy has been obtained by Parent or the Company prior to the Effective Time, Parent shall cause the Surviving Corporation to, and the Surviving Corporation shall, maintain such policy in full force and effect, for its full term, and cause all obligations thereunder to be honored by the Surviving Corporation, and no other party shall have any further obligation to purchase or pay for insurance hereunder.

(d) Parent shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 5.10.

(e) The rights of each Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Party may have under the certificates of incorporation or bylaws or other organizational documents of the Company or any of its Subsidiaries or the Surviving Corporation, any other indemnification arrangement set forth on Section 5.10 of the Company Disclosure Letter, the DGCL or otherwise. The provisions of this Section 5.10 shall survive the consummation of the Merger and expressly are intended to benefit, and are enforceable by, each of the Indemnified Parties.

(f) In the event that Parent, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 5.10.

Section 5.11 Financing.

(a) Parent and Merger Sub shall, and shall use reasonable best efforts to cause their Representatives and Affiliates to, use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable to obtain the proceeds of the Financing on the terms and conditions described in the Commitment Letters (including the "flex" provisions of any Fee Letter related to the Debt Financing) as promptly as practicable after the date hereof (taking into account the timing of the Marketing Period) and in any event prior to the End Date, including using reasonable best efforts with respect to:

(i) maintaining in effect the Commitment Letters,

(ii) negotiating and entering into definitive agreements with respect to the Debt Financing (the "Definitive Agreements") consistent with the terms and conditions contained therein (including, as necessary, the "flex" provisions contained in any related fee letter) or on other terms that (1) are acceptable to Parent and Merger Sub in their sole discretion and (2) would not reasonably be expected to delay (taking into account the timing of the Marketing Period) or adversely affect the ability of Parent and Merger Sub to consummate the transactions contemplated hereby,

(iii) satisfying on a timely basis (taking into account the timing of the Marketing Period) all conditions under its control in the Commitment Letters and the Definitive Agreements,

(iv) complying with its obligations under the Commitment Letters,

(v) in the event that all conditions contained in the Commitment Letters (other than, with respect to the Debt Financing, the availability of the Cash Equity, and those conditions that by their nature are to be satisfied or waived at the Closing) have been satisfied or waived, subject to Section 8.5, enforcing its rights under the Commitment Letters (including by promptly commencing a litigation proceeding against any breaching lender or other financial institution to compel such breaching party to provide its portion of the Debt Financing or otherwise comply with its obligations under the Debt Commitment Letter or the relevant Definitive Agreement), and

(vi) consummating the Financing at or prior to the Closing Date (including drawing on any interim or bridge financing under the Debt Commitment Letter on the Closing Date to the extent necessary to obtain the Applicable Amount).

Without limiting the foregoing, in the event that all conditions contained in the Commitment Letters (other than, with respect to the Debt Financing, the availability of the Cash Equity, and those conditions that by their nature are to be satisfied or waived at the Closing) have been satisfied or waived, Parent shall use its reasonable best efforts to cause the Lenders and the Sponsor to fund the Financing required to consummate the transactions contemplated by this Agreement and to pay related fees and expenses on the Closing Date. Parent shall not, without the prior written consent of the Company: (A) permit any amendment, alteration or modification to, or any waiver of any provision or remedy under, the Commitment Letters or any related fee letters if such amendment, modification, waiver or remedy (w) adds new (or adversely modifies any existing) conditions to the consummation of the Financing as compared to those in the Commitment Letters or any related Fee Letters as of the date hereof, (x) reduces the amount or value of the Financing available to Parent or Merger Sub on the Closing Date to an amount such that Parent and Merger Sub will have funds that are less than the Applicable Amount, (y) adversely affects the ability of Parent to enforce its rights against other parties to the Commitment Letters or the Definitive Agreements as so amended, replaced, supplemented or otherwise modified, relative to the ability of Parent to enforce its rights against such other parties to the Commitment Letters as in effect on the date hereof or in the Definitive Agreements or (z) could reasonably be expected to prevent, impede or delay (taking into account the timing of the Marketing Period) the consummation of the Merger and the other transactions contemplated by this Agreement; or (B) terminate any Commitment Letter. Parent shall promptly deliver to the Company copies (redacted only as to fee amounts, dates and certain other economic terms, including in respect of "market flex" (but none of which (x) subject the funding of the Debt Financing to any additional conditions precedent or other contingencies or (y) could reduce the total amount of the Debt Financing available to Parent or Merger Sub on the Closing Date (other than customary OID flex) to an amount such that Parent and Merger Sub will have funds that are less than the Applicable Amount) in the case of fee letters related to the Debt Financing) of any such amendment, replacement, supplement or other modification or waiver of the Commitment Letters or any related fee letters. In the event that any portion of the Debt Financing becomes unavailable, regardless of the reason therefor, Parent shall (1) use its reasonable best efforts to obtain as promptly as practicable (taking into account the timing of the Marketing Period) alternative debt financing (in an amount sufficient, when taken together with Cash Equity and any cash of the Company and its Subsidiaries on hand at the Closing Date, to consummate the transactions contemplated by this Agreement and to pay related fees and expenses) on substantially equivalent or more favorable terms from the same or other sources and which do not include any new conditions to the consummation of such alternative debt financing that are more onerous than the conditions set forth in the Debt Financing and (2) promptly notify the Company of such unavailability and the reason therefor; provided that in no event shall Parent and Merger Sub be obligated to accept or pursue any such alternative financing if it is less favorable to Parent in any material respect than the Debt Financing. If any alternative financing is required in accordance with the immediately preceding sentence, Parent shall use its reasonable best efforts to obtain, and when obtained, provide the Company with a copy of, a new financing commitment that provides for such alternative financing, and Parent shall comply with its covenants in this Section 5.11(a) with respect to such new financing commitment (as if such financing commitment were the Debt Commitment Letter). For the purposes of this Agreement, the term "Debt Commitment Letter" shall be deemed to include any commitment letter (or similar agreement) with respect to any alternative financing contemplated hereby (and any Debt Commitment Letter remaining in effect at the time in question). Parent shall provide the Company with prompt oral and written notice of (i) any breach or default by any party to any Commitment Letters or the Definitive Agreements or any purported termination or repudiation of the Commitment Letters or the Definitive Agreements, in each case, of which Parent becomes aware and (ii) the receipt of any written notice or other written communication from any Lender, the Sponsor or other financing source with respect to any breach, default, termination or repudiation by any party to any Commitment Letters or the Definitive Agreements of any provision thereof. Parent shall keep the Company reasonably informed on a reasonably current basis, and promptly upon the Company's request, of the status of its efforts to consummate the Financing. Notwithstanding the foregoing, compliance by Parent with this Section 5.11 shall not relieve Parent of its obligation to consummate the transactions contemplated by this Agreement whether or not the Financing is available. Notwithstanding anything to the contrary contained herein, in no event shall Parent and Merger Sub be required pursuant to this Agreement to pay any additional fees or to increase any interest rates or original issue discounts applicable to the Financing, except as expressly required pursuant to the Commitment Letters as in effect on the date hereof (including the "flex" provisions of any Fee Letter). The Company acknowledges and agrees that Parent and Merger Sub shall not be required to consummate the Financing until the final day of the Marketing Period. In addition, Parent shall, as promptly as practicably, deliver to the Company, in writing, all Parent Pro Forma Information, and shall otherwise provide all assistance reasonably requested by the Company from time to time in connection with the preparation of the pro forma financial statements described in paragraphs (i)-(iv) of clause (c) of the definition of Required Information.

(b) Prior to the Closing, the Company shall, and shall cause its Subsidiaries to, and shall use reasonable best efforts to cause its and their respective Representatives to, use reasonable best efforts to provide such cooperation to Parent as is reasonably requested by Parent in connection with, and reasonably necessary or advisable for the arrangement of, the Debt Financing (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company or its Subsidiaries), including using commercially reasonable efforts to, upon the reasonable request of Parent:

(i) prepare and furnish Parent (which Parent may furnish to its Financing Sources) as promptly as practicable all financial and other pertinent information and disclosures regarding the Company and its Subsidiaries (including the Required Information) as may be reasonably requested by Parent or Merger Sub in connection with the preparation of the Offering Documents and all supplements thereto and projections included in the Offering Documents;

(ii) participate, and have appropriate senior management of the Company and its Subsidiaries participate, in a reasonable number of meetings, presentations, road shows, due diligence sessions, drafting sessions and sessions with rating agencies, in each case at mutually agreed times;

(iii) facilitate the pledging of collateral, effective no earlier than the Effective Time (including using reasonable best efforts to facilitate the delivery, on the Closing Date, of original share certificates, together with share powers executed in blank, with respect to the Company and each of its Subsidiaries), including taking reasonable actions necessary to permit the Financing Sources to evaluate the Company's and its Subsidiaries' assets, inventory, cash management and accounting systems, policies and procedures relating thereto for the purpose of establishing collateral arrangements (including using reasonable best efforts to assist in establishing bank and other accounts and blocked account and control agreements in connection with the foregoing);

(iv) assist Parent in the preparation of any Offering Documents (and any supplement thereto);

(v) if and to the extent Parent elects to prepay, redeem, terminate or otherwise discharge any of the Company's existing indebtedness, including any Company Notes, at or after the Effective Time, assist Parent, at Parent's request, in:

(A) at the Effective Time, terminating the Company's existing asset-based revolving credit agreement and senior secured term loan facility, subject to and in compliance with the terms of the relevant documents governing such indebtedness;

(B) communicating with agents, lenders, and trustees as to such indebtedness;

(C) with respect to the Company's existing asset-based revolving credit agreement and senior secured term loan facility, obtaining customary payoff letters and lien terminations at Closing;

(D) the redemption of the Company Notes, including delivering or causing the applicable trustee to deliver redemption notices, including any notices required to extend the redemption date(s) in the case of any Conditional Redemption Notice, provided that any such notices shall (I) be delivered on such date(s) requested by Parent prior to or at Closing as is reasonably determined by Parent in consultation with the Company; (II) comply with applicable Law and with the indenture governing the applicable Company Notes in all respects; (III) to the extent any such redemption notice is delivered before closing (a "Conditional Redemption Notice"), expressly provide that the applicable redemption shall be conditioned on the occurrence of the Closing; and (IV) otherwise be in form and substance reasonably satisfactory to each of the Company and Parent; and

(E) facilitating and using its reasonable best efforts to cause the applicable trustee to cooperate with the discharge of any Company Notes at Closing;

(vi) provide at least three Business Days prior to the Closing Date all documentation and other information about the Company and each of its Subsidiaries as is reasonably requested in writing by Parent or Merger Sub at least nine Business Days prior to the Closing Date with respect to applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act

(vii) (A) obtain customary consents of independent accountants of the Company and its Subsidiaries for use of their auditor opinions in any materials relating to the Financing at the expense of and as reasonably requested by Parent on behalf of the Financing Sources, (B) cause such accountants to partake in customary accounting and auditor due diligence sessions, and (C) cause its independent accountants to provide any customary "comfort letters" (including customary negative assurance comfort) with respect to the financial statements set forth in clauses (a)-(c) of the definition of "Required Information" from such independent accountants in connection with the non-convertible debt securities being issued as part of the Debt Financing (and to provide drafts of such comfort letters in advance of the commencement of the Marketing Period);

(viii) assist Parent and Merger Sub in obtaining any corporate credit and family ratings from any ratings agencies in respect of the relevant borrower, issuer or parent guarantors under the Debt Financing, including using commercially reasonable efforts to assist Parent, Merger Sub and the Financing Sources in the preparation of materials for rating agency presentations;

(ix) assist Parent in connection with the preparation of customary projections to be included in any Offering Documents;

(x) assist in facilitating the preparation, execution and delivery of the Definitive Documentation, including guarantee and collateral documents and other certificates and documents as may reasonably be requested by Parent;

(xi) subject (except with respect to the Authorization Letters) to the occurrence of the Closing and not prior to the Effective Time, cause the execution and delivery of such documents as Parent may reasonably request, including (x) a certificate of the chief financial officer of the Company with respect to solvency matters as of the Closing, on a pro forma basis, in the form attached to the Debt Commitment Letter (or substantially similar provisions in any alternative financing) and (y) the Authorization Letters; and

(xii) take all organizational actions, subject to the occurrence of the Closing and not prior to the Effective Time, reasonably requested by Parent to permit the consummation of the Financing.

The foregoing notwithstanding:

(A) neither the Company or its Subsidiaries nor any Persons who are directors, officers or employees of the Company or its Subsidiaries shall be required to (I) pass resolutions or consents (except those which are subject to the occurrence of the Closing passed by directors or officers continuing in their positions following the Closing) or (II) except for (x) any Authorization Letters or (y) in connection with any Conditional Redemption Notices, execute any document or Contract or incur any liability that is effective prior to the occurrence of the Closing, in each case in connection the Debt Financing or the cooperation contemplated by this Section 5.11(b);

(B) no obligation of the Company or any of its Subsidiaries or any of their respective Representatives undertaken pursuant to the Debt Financing or the cooperation contemplated by this Section 5.11(b) shall be effective until the Effective Time;

(C) none of the Company or its Subsidiaries or any of their respective Representatives shall be required (x) to pay any commitment or other similar fee or (y) incur any other cost or expense that is not promptly fully reimbursed by Parent in connection with the Debt Financing or the cooperation contemplated by this Section 5.11(b) prior to the Closing;

(D) none of the Company or its Subsidiaries or any of their respective Representatives shall be required to disclose or provide any information in connection with the Debt Financing, the disclosure of which, in the judgment of the Company, is restricted by Contract or applicable Law, is subject to attorney-client privilege or could result in the disclosure of any trade secrets or the violation of any confidentiality obligation, provided that the Company or such Subsidiary shall use reasonable best efforts to provide an alternative means of disclosing or providing such information;

(E) none of the Company or its Subsidiaries or any of their respective Representatives shall be required to deliver for inclusion in any Offering Documents any financial information with respect to a fiscal period that has not yet ended;

(F) none of the Company or its Subsidiaries or any of their respective Representatives shall be required to prepare any (I) pro forma financial information other than, subject to receipt of the Parent Pro Forma Information, that which is expressly described in paragraphs (i)-(iv) of clause (c) of the definition of Required Information or (II) projections (without limiting the obligations of the Company to reasonably assist in the preparation of projections as contemplated by clause (ix) of Section 5.11(b) above); and

(G) none of the Company or its Subsidiaries or any of their respective Representatives will be required to provide, or cause to be provided, any legal opinions.

In addition, nothing contained in this Section 5.11(b) or otherwise shall require the Company or any of its Subsidiaries, prior to the Closing, to be an issuer or other obligor with respect to the Debt Financing. Parent shall, promptly upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs and expenses incurred by the Company or its Subsidiaries or their respective Representatives in connection with the Debt Financing or the cooperation contemplated by this Section 5.11(b) and shall indemnify and hold harmless the Company and its Subsidiaries and their respective Representatives from and against any and all losses suffered or incurred by them in connection with the Debt Financing, any action taken by them pursuant to this Section 5.11(b), and any information utilized in connection therewith (other than information including in any marketing materials concerning the Company or its Subsidiaries to the extent provided in writing thereby for inclusion in such materials). The obligations of Parent pursuant to the immediately foregoing sentence shall survive termination of this Agreement.

(c) All non-public or otherwise confidential information regarding the Company or its Subsidiaries obtained by Parent or its Representatives pursuant to Section 5.11(b) or otherwise in connection with the Debt Financing shall be kept confidential in accordance with the Confidentiality Agreements. The Company hereby consents to the use of its and its Subsidiaries' logos in a customary manner in connection with the Financing, provided such use is in a manner reasonably acceptable to the Company. The Company hereby consents pursuant to Section 19(a)(ii) of the Confidentiality Agreement dated February 5, 2018 that potential sources of debt or equity financing with respect to the Merger and the other transactions contemplated hereby (including the Persons specified in clauses (i) and (ii) below) shall be "Representatives" for all purposes of this Agreement and the Confidentiality Agreements. Without limiting Parent's obligations hereunder or the terms of the Equity Commitment Letter, Parent and its controlled Affiliates and their respective Representatives may seek and obtain equity commitments and equity financing (and provide such Persons confidential information in connection therewith in accordance with this Section 5.11(c) and the Confidentiality Agreements) at any time from (i) any limited partners of the active investment funds, managed accounts affiliated with Sponsor or an investor in a vehicle controlled or managed by an affiliate of the Sponsor or any other Person engaged in the private equity business or who is a financial investor and (ii) any other Person to which the Sponsor or any of its Affiliates is obligated to offer the opportunity to invest in connection with transactions similar to the transactions contemplated by this Agreement; provided that such actions do not delay or prevent the Closing or otherwise impair the ability of the parties to consummate the Closing.

Section 5.12 Reserved.

Section 5.13 Stock Exchange De-listing; 1934 Act Deregistration. Prior to the Effective Time, the Company shall cooperate with Parent and use its commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE and the SEC to enable the de-listing by the Surviving Corporation of the Common Stock from the NYSE and the deregistration of the Common Stock under the Exchange Act as promptly as practicable after the Effective Time.

Section 5.14 Rule 16b-3. Prior to the Effective Time, the Company shall be permitted to take such steps as may be reasonably necessary or advisable hereto to cause dispositions of Company equity securities (including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual who is a director or officer of the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 5.15 Stockholder Litigation. Each of the Company and Parent shall notify the other and keep the other reasonably informed of, and cooperate with such party in connection with, any stockholder litigation or claim against such party and/or its directors or officers relating to the Merger or the other transactions contemplated by this Agreement. Without limiting the foregoing, the Company shall give Parent a reasonable opportunity to participate in the defense or settlement of any such litigation or claim and the Company shall not compromise, settle, come to an arrangement regarding or agree to compromise, settle or come to an arrangement regarding any litigation or claim arising or resulting from the transactions contemplated by this Agreement or consent to the same without the prior written consent of Parent. Notwithstanding anything to the contrary in this Section 5.15, any litigation or claim relating to Dissenting Shares shall be governed by Section 2.1(b).

Section 5.16 Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Merger Sub, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Merger Sub, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

ARTICLE 6

CONDITIONS TO THE MERGER

Section 6.1 Conditions to Obligation of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger and the other transactions contemplated hereby shall be subject to the satisfaction (or waiver by Parent and the Company to the extent permitted by applicable Law) at or prior to the Effective Time of the following conditions:

(a) Stockholder Approval. The Company Stockholder Approval shall have been obtained.

(b) No Legal Restraints. No injunction or similar order by any court of competent jurisdiction that prohibits the consummation of the Merger and the other transactions contemplated hereby shall have been entered and shall continue to be in effect, and no Law shall have been enacted, entered, promulgated, enforced or deemed applicable by any Governmental Entity that, in any case, prohibits or makes illegal the consummation of the Merger.

(c) Regulatory Approvals. Any waiting period under the HSR Act applicable to the Merger shall have expired or been earlier terminated.

Section 6.2 Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger is further subject to the satisfaction (or waiver by the Company to the extent permitted by applicable Law) of the following conditions:

(a) The representations and warranties of Parent and Merger Sub set forth in Article 4 (without regard to any qualifications as to materiality or Parent Material Adverse Effect contained in such representations and warranties) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct would not have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent and Merger Sub shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by them prior to the Effective Time.

(c) Parent shall have delivered to the Company a certificate, dated as of the Closing Date and signed by its Chief Executive Officer or another senior officer, certifying to the effect that the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied.

Section 6.3 Conditions to Obligations of Parent and Merger Sub to Effect the Merger. The obligations of Parent and Merger Sub to effect the Merger and the other transactions contemplated hereby are further subject to the satisfaction (or waiver by Parent and Merger Sub to the extent permitted by applicable Law) of the following conditions:

(a) (i) The representations and warranties of the Company set forth in Section 3.2(a), Section 3.2(b) and the first sentence of Section 3.10 shall be true and correct in all respects, both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), other than, solely in the case of Section 3.2(a) and Section 3.2(b), *de minimis* inaccuracies; (ii) the representations and warranties of the Company set forth in Section 3.1(a) solely with respect to the Company's due organization, valid existence, good standing and corporate power and authority, Section 3.3(a) and Section 3.21 shall be true and correct in all material respects, both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); and (iii) the other representations and warranties of the Company set forth in Article 3 (disregarding all materiality and Company Material Adverse Effect qualifications contained therein) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iii) where the failure of such representations and warranties to be so true and correct would not have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by it prior to the Effective Time.

(c) The Company shall have delivered to Parent a certificate, dated as of the Closing Date and signed by its Chief Executive Officer or another senior officer, certifying to the effect that the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied.

ARTICLE 7

TERMINATION

Section 7.1 Termination or Abandonment. Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated and abandoned at any time prior to the Effective Time, whether before or after any approval by the stockholders of the Company of the matters presented in connection with the Merger:

(a) by the mutual written consent of the Company and Parent;

(b) by either the Company or Parent if (i) the Effective Time shall not have occurred on or before December 10, 2018 (provided that if either, (A) as of such date all conditions set forth in Section 6.1, Section 6.2 and Section 6.3 shall have been satisfied or waived (other than those conditions that, by their nature, are to be satisfied at the Closing (but subject to such conditions being capable of being satisfied at the Closing)), but the Marketing Period shall not have been completed (or the third Business Day after the Marketing Period shall not have occurred) or (B) as of such date all conditions set forth in Section 6.1, Section 6.2 and Section 6.3 shall have been satisfied or waived (other than those conditions that, by their nature, are to be satisfied at the Closing (but subject to such conditions being capable of being satisfied at the Closing)) other than the condition set forth in Section 6.1(b) (but only if the applicable legal restraint relates to any U.S. Antitrust Law) and/or Section 6.1(c), then such date shall automatically be extended for up to two consecutive periods of 60 days) (as such date may be so extended, the "End Date") and (ii) the party seeking to terminate this Agreement pursuant to this Section 7.1(b) shall not have breached in any material respect its obligations under this Agreement in any manner that has been the primary cause of the failure to consummate the Merger on or before such date;

(c) by either the Company or Parent if any Governmental Entity shall have issued an order, decree or ruling permanently restraining, enjoining or otherwise prohibiting or making illegal the transactions contemplated by this Agreement (including consummation of the Merger), and such order, decree or ruling shall have become final and nonappealable, provided, that the party seeking to terminate this Agreement pursuant to this Section 7.1(c) shall not have breached in any material respect its obligations under this Agreement in any manner that has primarily caused such order, decree or ruling;

(d) by either the Company or Parent if the Company Meeting (including any adjournments or postponements thereof) shall have concluded, a vote on the adoption of this Agreement shall have been taken and the Company Stockholder Approval contemplated by this Agreement shall not have been obtained;

(e) by the Company, if Parent or Merger Sub shall have breached or failed to perform any of their representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 6.2(a) or Section 6.2(b) and (ii) cannot be cured by the End Date or, if curable, is not cured within 30 Business Days following the Company's delivery of written notice to Parent stating the Company's intention to terminate this Agreement pursuant to this Section 7.1(e) and the basis for such termination; provided that, the Company is not then in material breach of any representation, warranty, agreement or covenant contained in this Agreement;

(f) by Parent, if the Company shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 6.3(a) or Section 6.3(b) and (ii) cannot be cured by the End Date or, if curable, is not cured within 30 Business Days following Parent's delivery of written notice to the Company stating Parent's intention to terminate this Agreement pursuant to this Section 7.1(f) and the basis for such termination; provided that Parent or Merger Sub is not then in material breach of any representation, warranty, agreement or covenant contained in this Agreement;

(g) (i) by the Company, prior to obtaining the Company Stockholder Approval, in order to enter into a definitive agreement providing for a Superior Proposal if the Company shall have complied with Section 5.4(c); provided that the Company shall pay pursuant to Section 7.3(a) the Company Termination Fee prior to or concurrently with such termination; or (ii) by Parent if (A) prior to obtaining the Company Stockholder Approval, the Board of Directors shall have effected a Change of Recommendation or (B) the Company or any of its Subsidiaries shall have entered into an Alternative Acquisition Agreement or the Board of Directors shall have authorized or approved the execution of an Alternative Acquisition Agreement; and

(h) by the Company if (i) the conditions set forth in Section 6.1 and Section 6.3 have been and continue to be satisfied or waived at the time the Closing is required to have occurred pursuant to Section 1.2 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), (ii) Parent fails to consummate the Closing by the date that is two Business Days after the first date upon which Parent is required to consummate the Closing pursuant to Section 1.2, and (iii) the Company has irrevocably confirmed to Parent in writing that it is prepared to consummate the

Closing and that at all times during such two Business Day period the Company stood ready, willing and able to consummate the Closing.

Section 7.2 Effect of Termination. In the event of termination of this Agreement pursuant to Section 7.1, the terminating party shall forthwith give written notice thereof to the other party or parties and this Agreement shall terminate, and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. In the event of termination of this Agreement pursuant to Section 7.1, this Agreement shall forthwith become null and void and there shall be no liability or obligation on the part of the Company, Parent, Merger Sub or their respective Subsidiaries or Affiliates, except that (i) no such termination shall relieve any party of its obligation to pay the Company Termination Fee or the Parent Termination Fee, if, as and when required pursuant to Section 7.3; (ii) no such termination shall relieve any party for liability for such party's willful and material breach of any covenant or agreement of this Agreement prior to its termination; and (iii) the Confidentiality Agreements, Section 5.3(b), the last two sentences of Section 5.11(b), this Section 7.2, Section 7.3 and Article 8 shall survive the termination hereof.

Section 7.3 Termination Fees.

(a) Company Termination Fee. Any provision in this Agreement to the contrary notwithstanding, if (i) the Company shall have terminated this Agreement pursuant to Section 7.1(g)(i), (ii) Parent shall have terminated this Agreement pursuant to Section 7.1(g)(ii) or (iii) (A) after the date of this Agreement, an Alternative Proposal (substituting in the definition thereof "fifty percent (50%)" for "twenty percent (20%)" in each place it appears) is publicly proposed or publicly disclosed or, in the case of a termination pursuant to Section 7.1(b) or Section 7.1(f), an Alternative Proposal has otherwise become known, disclosed or communicated to the Company's senior management or the Board of Directors (x) prior to, and is not withdrawn at least two Business Days prior to, the Company Meeting in the event of a termination pursuant to Section 7.1(d), (y) prior to the End Date in the event of a termination pursuant to Section 7.1(b) or (z) prior to the breach that forms the basis of such termination in the event of a termination pursuant to Section 7.1(f), (B) this Agreement is terminated by Parent or the Company pursuant to Section 7.1(b), Section 7.1(d) or Section 7.1(f) (provided that in the case of a termination pursuant to Section 7.1(b), the Company Stockholder Approval has not been obtained) and (C) concurrently with or within twelve months after such termination, the Company shall have entered into a definitive agreement providing for any Alternative Proposal or completed any Alternative Proposal, then the Company shall pay, by wire transfer of immediately available funds to an account designated by Parent, a fee of $167 million in cash (the "Company Termination Fee"), such payment to be made prior to or concurrently with termination in the case of clause (i) above, within three Business Days after such termination in the case of clause (ii) above, or within three Business Days after the last to occur of the events set forth in clause (iii) above; it being understood that in no event shall the Company be required to pay the Company Termination Fee on more than one occasion. Upon the payment by the Company of the Company Termination Fee as and when required by this Section 7.3(a), together with any fees, costs, expenses and interest payable pursuant to Section 7.3(c) and any Proxy Costs payable pursuant to Section 8.2, no Company Related Party or its Representatives shall have any further liability with respect to this Agreement or the transactions contemplated hereby

Appendix B

to Parent, Merger Sub or their respective Affiliates or Representatives, except as expressly provided in Section 7.3(c)(iii).

(b) Parent Termination Fee. If this Agreement (i) is terminated by the Company pursuant to (A) Section 7.1(e) or (B) Section 7.1(h) or (ii) is terminated by Parent pursuant to Section 7.1(b) and at such time the Company could have terminated this Agreement under Section 7.1(e) or Section 7.1(h), then Parent shall pay, by wire transfer of immediately available funds to an account designated by the Company, a fee of $275 million in cash (the "Parent Termination Fee"), such payment to be made within three Business Days of such termination; it being understood that in no event shall Parent be required to pay the Parent Termination Fee on more than one occasion. Upon the payment by Parent of the Parent Termination Fee as and when required by this clause (b), together with any fees, costs, expenses and interest payable pursuant to Section 7.3(c), any amounts payable pursuant to Section 5.11(b) and any Filing Fees payable pursuant to Section 8.2, no Parent Related Party or its Representatives shall have any further liability with respect to this Agreement or the transactions contemplated hereby to the Company or its Affiliates or Representatives.

(c) Acknowledgements.

(i) Each party acknowledges that the agreements contained in this Section 7.3 are an integral part of this Agreement and that, without Section 7.3(a), Parent would not have entered into this Agreement and that, without Section 7.3(b), the Company would not have entered into this Agreement. Accordingly, if the Company or Parent fails to promptly pay any amount due pursuant to this Section 7.3, the Company or the Parent, as applicable, shall pay to Parent or the Company, respectively, all fees, costs and expenses of enforcement (including attorneys' fees as well as expenses incurred in connection with any action initiated by such party), together with interest on the amount of the Company Termination Fee or the Parent Termination Fee, as applicable, at the prime lending rate as published in the *Wall Street Journal*, in effect on the date such payment is required to be made. The parties further acknowledge that neither the Company Termination Fee nor the Parent Termination Fee shall constitute a penalty but is liquidated damages, in a reasonable amount that will compensate Parent or the Company, as applicable, in the circumstances in which the Company Termination Fee or the Parent Termination Fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Merger, which amount would otherwise be impossible to calculate with precision. The parties acknowledge that the right to receive the Company Termination Fee or the Parent Termination Fee, as applicable, shall not limit or otherwise affect any such party's right to specific performance as provided in Section 8.5. While each of the Company and Parent may pursue both a grant of specific performance in accordance with Section 8.5 and the payment of the Parent Termination Fee or the Company Termination Fee, as applicable, under no circumstances shall the Company or Parent be permitted or entitled to receive both a grant of specific performance that results in the Effective Time occurring and the Parent Termination Fee or the Company Termination Fee, as applicable.

(ii) Notwithstanding anything to the contrary set forth in this Agreement, but subject to Section 8.5, each of the parties hereto expressly acknowledges and agrees that the Company's right to terminate this Agreement and receive payment of the Parent Termination Fee pursuant to Section 7.3(b), together with any fees, costs, expenses and interest payable pursuant to Section 7.3(c), any amounts payable pursuant to Section 5.11(b) and any Filing Fees payable pursuant to Section 8.2, shall constitute the sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) of the Company and its Subsidiaries and their respective Affiliates and any of their respective former, current or future general or limited partners, stockholders, equityholders, members, managers, directors, officers, employees, agents or Affiliates (collectively, the "Company Related Parties") against Parent, Merger Sub, the Sponsor and their respective Affiliates, the Financing Sources, any other potential debt or equity financing source and any of their respective former, current or future general or limited partners, stockholders, equityholders, members, managers, directors, officers, employees, agents or Affiliates or any former, current or future general or limited partner, stockholder, equityholder, member, manager, director, officer, employee, agent or Affiliate of any of the foregoing (collectively, the "Parent Related Parties") for all losses and damages in respect of this Agreement (or the termination thereof) or the transactions contemplated by this Agreement (or the failure of such transactions to occur for any reason or for no reason) or any breach (whether willful (including willful and material breach), intentional, unilateral or otherwise) of any representation, warranty, covenant or agreement or otherwise in respect of this Agreement or any oral representation made or alleged to be made in connection herewith, and upon payment of the Parent Termination Fee to the Company pursuant to Section 7.3(b), together with any fees, costs, expenses and interest payable pursuant to Section 7.3(c), any amounts payable pursuant to Section 5.11(b) and any Filing Fees payable pursuant to Section 8.2, (A) none of the Parent Related Parties shall have any further liability or obligation to any of the Company Related Parties relating to or arising out of this Agreement, the Guarantee, the Commitment Letters or the transactions contemplated hereby or thereby, and (B) none of the Company Related Parties shall seek to recover any other damages or seek any other remedy, whether based on a claim at law or in equity, in contract, tort or otherwise, with respect to any losses or damages suffered in connection with this Agreement or the transactions contemplated hereby or any oral representation made or alleged to be made in connection herewith. For the avoidance of doubt, in no event shall Parent or Merger Sub be subject to (nor shall any Company Related Party seek to recover) monetary damages in excess of an amount equal to the Parent Termination Fee, in the aggregate (the "Damage Cap"), for any losses or other liabilities arising out of or in connection with breaches (whether willful (including willful and material breach), intentional, unilateral or otherwise) by Parent or Merger Sub of its representations, warranties, covenants and agreements contained in this Agreement or arising from any claim or cause of action that any Company Related Party may have with respect thereto, including for a breach of Section 2.2(a) as a result of the Debt Financing not being available to be drawn down or otherwise arising from the Commitment Letters or the Guarantee or in respect of any oral representation made or alleged to be made in connection herewith or therewith.

(iii) Notwithstanding anything to the contrary set forth in this Agreement, but subject to Section 8.5 and except for the right of Parent and/or Merger

Sub to seek damages with respect to this Agreement as described in the immediately following sentence (subject to the limitations described therein), each of the parties hereto expressly acknowledges and agrees that: Parent's right to terminate this Agreement and receive payment of the Company Termination Fee pursuant to Section 7.3(a), together with any fees, costs, expenses and interest payable pursuant to Section 7.3(c) and any Proxy Costs payable pursuant to Section 8.2, shall constitute the sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) of the Parent Related Parties against the Company Related Parties for all losses and damages in respect of this Agreement (or the termination thereof) or the transactions contemplated by this Agreement (or the failure of such transactions to occur for any reason or for no reason) or any breach (whether willful (including any willful and material breach), intentional, unilateral or otherwise) of any representation, warranty, covenant or agreement or otherwise in respect of this Agreement or any oral representation made or alleged to be made in connection herewith, and upon payment of the Company Termination Fee to Parent pursuant to Section 7.3(a), together with any fees, costs, expenses and interest payable pursuant to Section 7.3(c) and any Proxy Costs payable pursuant to Section 8.2, (A) none of the Company Related Parties shall have any further liability or obligation to any of the Parent Related Parties relating to or arising out of this Agreement or the transactions contemplated hereby or thereby, and (B) none of the Parent Related Parties shall seek to recover any other damages or seek any other remedy, whether based on a claim at law or in equity, in contract, tort or otherwise, with respect to any losses or damages suffered in connection with this Agreement or the transactions contemplated hereby or any oral representation made or alleged to be made in connection herewith. Notwithstanding the foregoing, following termination of this Agreement by either Parent or the Company, Parent may seek monetary damages from the Company for its willful and material breach of this Agreement; provided that, in no event shall the Company be subject to (nor shall any Parent Related Party seek to recover) monetary damages in excess of an amount equal to the Damage Cap, or payment of both monetary damages and the Company Termination Fee in a combined amount in excess of the Damage Cap, for any losses or other liabilities arising out of or in connection with breaches (whether willful (including willful and material breach), intentional, unilateral or otherwise) by the Company of its representations, warranties, covenants and agreements contained in this Agreement or arising from any claim or cause of action that any Parent Related Party may have with respect thereto, including in respect of any oral representation made or alleged to be made in connection herewith.

ARTICLE 8

MISCELLANEOUS

Section 8.1 No Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Merger.

Section 8.2 Expenses. Except as set forth in Section 7.3, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger, this Agreement and the transactions contemplated hereby shall be paid by the party incurring or required to incur such expenses, except that expenses incurred by any party in connection with the printing, filing and mailing of the Proxy Statement (including applicable SEC filing fees) shall be borne by the Company (such expenses, "Proxy Costs"), and all filing fees paid by any party in respect of any HSR Act or other regulatory filing shall be borne by Parent (such fees, "Filing Fees"); provided that, except as otherwise set forth in Section 2.2(b)(ii), the Company shall be exclusively responsible for any transfer or similar Taxes imposed on the Company or its Subsidiaries with respect to, or as a result of, the Merger.

Section 8.3 Counterparts; Effectiveness. This Agreement may be executed in counterparts (including by facsimile, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy, facsimile, electronic mail or otherwise as authorized by the prior sentence) to the other parties.

Section 8.4 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the aforesaid courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve in accordance with this Section 8.4, (b) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the Action in such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, claims and actions that may be based upon, arise out of, or relate to the Debt Financing or involve the Financing Sources (whether in law, contract, tort, equity or otherwise) shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of New York; provided that it is understood and agreed that (i) the interpretation of the definition of "Company Material Adverse Effect" (and whether or not a Company Material Adverse Effect has occurred), (ii) the determination of the accuracy of any Specified Representations (as defined in the Debt Commitment Letter) and whether as a result of any inaccuracy thereof Parent and Merger Sub have the right (taking into account any applicable cure provisions) to terminate their respective obligations under this Agreement or decline to consummate the transaction contemplated hereby and (iii) the determination of whether the Merger has been consummated in accordance with the terms of this Agreement, in each case shall be governed by, and construed in accordance with, the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Further, notwithstanding anything to the contrary in this Agreement, each party agrees (on behalf of itself and its Affiliates) that it will not bring or support any action, proceeding, cause of action, claim, cross-claim or third party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against any Financing Source in any way relating to this Agreement, including any dispute arising out of the Commitment Letters or the performance thereof or the Financing, in any forum other than the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York in the County of New York (and the appropriate appellate courts therefrom), and each party submits for itself and its property with respect to any such action or Action to the exclusive jurisdiction of such court and agrees not to bring any such action or Action in any other court.

Section 8.5 Specific Enforcement.

(a) The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Each party agrees that, subject to the next succeeding sentence, in the event of any breach or threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages subject to Section 7.3) to obtain (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and (ii) an injunction restraining such breach or threatened breach.

(b) In circumstances where Parent and Merger Sub are obligated to consummate the Merger and the Merger has not been consummated, Parent and Merger Sub expressly acknowledge and agree that the Company shall have suffered irreparable harm, that monetary damages will be inadequate to compensate the Company, and that the Company shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages, subject, in each case, to Section 7.3) to specific performance:

(i) of Parent's obligation to cause the Cash Equity to be funded under the Equity Commitment Letter and Parent's and Merger Sub's obligations to consummate the Merger if, but only if, (i) all of the conditions in Section 6.1 and Section 6.3 have been satisfied or waived (other than those conditions that, by their nature, are to be satisfied at the Closing (but subject to such conditions being capable of being satisfied at the Closing)) at the time the Closing is required to occur pursuant to Section 1.2 and

Parent and Merger Sub fail to consummate the Closing by the date the Closing is required to have occurred pursuant to Section 1.2, (ii) the Debt Financing (or, any alternative debt financing required by Section 5.11(a), as the case may be) has been funded or will be funded at the Closing if the Cash Equity is funded at the Closing and (iii) the Company has irrevocably confirmed in writing that, if specific performance is granted and the Cash Equity and Debt Financing are funded, then the Closing will occur in accordance with Article 1; and

(ii) of Parent's and Merger Sub's rights to enforce the terms of the Debt Commitment Letter and the obligations of the Lenders to fund the Debt Financing if, but only if, (i) all of the conditions in Section 6.1 and Section 6.3 have been satisfied or waived (other than those conditions that, by their nature, are to be satisfied at the Closing (but subject to such conditions being capable of being satisfied at the Closing)) at the time the Closing is required to occur pursuant to Section 1.2 and Parent and Merger Sub fail to consummate the Closing by the date the Closing is required to have occurred pursuant to Section 1.2, (ii) all of the conditions (other than those conditions that by their nature are to be satisfied at the Closing under the Debt Commitment Letter, provided that those other conditions would be satisfied if the Closing were on such date) to the consummation of the financing provided for in the Debt Commitment Letter have been satisfied and (iii) the Company has irrevocably confirmed in writing that, if specific performance is granted and the Cash Equity and Debt Financing are funded, then the Closing will occur in accordance with Article 1.

(c) Each party further agrees that no other party shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.5, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 8.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING THE DEBT FINANCING). EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS SECTION 8.6.

Section 8.7 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by email, facsimile transmission, by reliable overnight delivery service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows:

To Parent or Merger Sub:

Enterprise Parent Holdings Inc.
Enterprise Merger Sub Inc.
c/o Kohlberg Kravis Roberts & Co. L.P.

2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Attention: Jim Momtazee
Max Lin
Facsimile: (650) 233-6553
Email: jim.momtazee@kkr.com
max.lin@kkr.com

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Marni J. Lerner
Michael T. Holick
Facsimile: (212) 455-2502
Email: mlerner@stblaw.com
mholick@stblaw.com

To the Company:

Envision Healthcare Corporation
1A Burton Hills Boulevard
Nashville, Tennessee 37215
Attention: Craig Wilson, General Counsel
Facsimile: (303) 495-1288
E-mail: craig.wilson@evhc.net

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Steven A. Rosenblum
David A. Katz
Facsimile: (212) 403-2000
Email: SARosenblum@wlrk.com
DAKatz@wlrk.com

and

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201
Attention: J. James Jenkins, Jr.
Facsimile: (615) 742-2736
Email: jjenkins@bassberry.com

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered (a) when received when sent by email or facsimile, provided that the recipient confirms in writing its receipt thereof, (b) upon proof of service when sent by reliable overnight delivery service, (c) upon personal delivery in the case of hand delivery or (d) upon receipt of the return receipt when sent by certified or registered mail. Any party to this Agreement may notify any other party of any changes to the address or any of the other details specified in this paragraph; provided, however, that such notification shall only be effective on the date specified in such notice or two Business Days after the notice is given, whichever is later. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

Section 8.8 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties, except that Merger Sub may assign, in its sole discretion, any or all of its rights, interests and obligations under this Agreement to any wholly owned Subsidiary of Parent or Merger Sub, but no such assignment shall relieve Merger Sub of its obligations hereunder. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the sole extent of such invalidity or unenforceability without rendering invalid or unenforceable the remainder of such term or provision or the remaining terms and provisions of this Agreement in any jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 8.10 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the exhibits and schedules hereto), the Equity Commitment Letter, the Guarantee, the Debt Commitment Letter and the Confidentiality Agreements constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof. Except (a) for the provisions of Section 5.10 (which, from and after the Effective Time, shall be for the benefit of the Indemnified Parties), (b) that the Parent Related Parties and the Company Related Parties shall be express third party beneficiaries of Section 7.3(c), Section 8.4, Section 8.6 and this Section 8.10 and (c) that the Parent Related Parties shall be express third party beneficiaries of Section 8.5, Section 8.11 and Section 8.16, this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein is intended to and shall not confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 8.11 Amendments; Waivers. At any time prior to the Effective Time, whether before or after receipt of the Company Stockholder Approval, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Sub, or in the case of a waiver, by the party against whom the waiver is to be effective; provided, however, that after receipt of the Company Stockholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE require further approval of the stockholders of the Company or the sole stockholder of Merger Sub, as applicable, the effectiveness of such amendment or waiver shall be subject to the approval of the stockholders of the Company or the sole stockholder of Merger Sub, as applicable. The foregoing notwithstanding, no failure or delay by any party in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. To the extent any amendment or waiver of Section 7.3(c), Section 8.4, Section 8.5, Section 8.6, Section 8.10, Section 8.11 or Section 8.16 (and any other provision of this Agreement to the extent an amendment or waiver of such provision would modify the substance of any of the foregoing provisions) is sought that is materially adverse to the rights of any Financing Source, the prior written consent of such materially adversely affected Financing Source shall be required before such amendment or waiver is rendered effective.

Section 8.12 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.13 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All references herein to "$" or "dollars" shall be to U.S. dollars. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement. For the purposes of this Agreement, the term "made available" with respect to any item or document shall mean such item or document has been made available to Parent and its Representatives in the electronic data room maintained by the Company, provided directly (including via email) to Parent or its Representatives or filed by the Company with the SEC, in each case, on or before the calendar day immediately prior to the date of this Agreement.

Section 8.14 Obligations of Merger Sub. Whenever this Agreement requires Merger Sub to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Merger Sub to take such action.

Section 8.15 Definitions. For purposes of this Agreement, the following terms (as capitalized below) will have the following meanings when used herein:

"Action" has the meaning set forth in Section 5.10(b).

"Affiliated Medical Group" means a professional corporation, association, limited liability company or other professional entity owned by one or more physicians for which a Subsidiary of the Company, or another Affiliated Medical Group of the Company, provides management services pursuant to an Affiliated Medical Group Physician Services Agreement, Affiliated Medical Group Management Services Agreement or other similar agreement, and whose physician owners may have entered into a Stock Transfer Agreement and an Indemnity Agreement or other similar agreement.

"Affiliates" means, with respect to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

"Affiliated Medical Group Physician Services Agreement" means an agreement between an Affiliated Medical Group and a Subsidiary of the Company, pursuant to which the Affiliated Medical Group provides professional medical services at one or more hospitals and/or other healthcare facilities under contract with such Subsidiary and the Subsidiary provides management services to the Affiliated Medical Group.

"Affiliated Medical Group Management Services Agreement" means an agreement between an Affiliated Medical Group and a Subsidiary of the Company, as applicable, pursuant to which such Subsidiary provides management services to the Affiliated Medical Group for its operations at one or more hospitals and/or other healthcare facilities.

"Agreement" has the meaning set forth in the Preamble.

"Alternative Acquisition Agreement" has the meaning set forth in Section 5.4(a).

"Alternative Proposal" has the meaning set forth in Section 5.4(f).

"Anti-Corruption Laws" shall mean (a) the U.S. Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd1, et seq.), as amended, (b) the Corruption of Foreign Public Officials Act, S.C. 2002, c. 8 (Canada), (c) the UK Bribery Act and (d) all other anti-bribery, anti-corruption, anti-money-laundering and similar applicable Laws of each jurisdiction in which the Company and its Subsidiaries operate or have operated and in which any Person associated with or acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof, is conducting or has conducted business involving the Company or any of its Subsidiaries.

"Antitrust Law" means the HSR Act, the Federal Trade Commission Act, as amended, the Sherman Act, as amended, the Clayton Act, as amended, and any other applicable

Laws, including any state, foreign, or multi-jurisdictional Laws, that are designed or intended to prohibit, restrict, or regulate actions having the purpose or effect of monopolization or lessening of competition through merger or acquisition.

"Authorization Letters" means reasonable and customary authorization letters to Financing Sources in connection with bank information memoranda authorizing the distribution of information to prospective lenders and containing customary representations.

"Bankruptcy and Equity Exception" has the meaning set forth in Section 4.5(f).

"Board of Directors" has the meaning set forth in the Recitals.

"Book-Entry Shares" has the meaning set forth in Section 2.2(a).

"Business Day" means any day other than a Saturday, Sunday or a day on which the banks in New York are authorized by law or executive order to be closed.

"Cancelled Shares" has the meaning set forth in Section 2.1(a)(iii).

"Cash Equity" has the meaning set forth in Section 4.5(b).

"Certificate of Merger" has the meaning set forth in Section 1.3.

"Certificates" has the meaning set forth in Section 2.2(a).

"Change of Recommendation" has the meaning set forth in Section 5.4(c).

"Closing" has the meaning set forth in Section 1.2.

"Closing Date" has the meaning set forth in Section 1.2.

"Code" has the meaning set forth in Section 2.2(b)(iii).

"Commitment Letters" has the meaning set forth in Section 4.5(b).

"Common Stock" has the meaning set forth in Section 2.1(a)(i).

"Company" has the meaning set forth in the Preamble.

"Company Benefit Plans" has the meaning set forth in Section 3.9(a).

"Company Disclosure Letter" has the meaning set forth in Article 3.

"Company Employees" has the meaning set forth in Section 5.6(a).

"Company Equity Awards" means Company Options, Company RSUs, Company Restricted Shares and Company PSUs.

"Company Material Adverse Effect" means an event, change, occurrence, effect or development that has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, results of operations, assets, liabilities or financial condition of the Company and its Subsidiaries, taken as a whole, but shall not include events, changes, occurrences, effects or developments relating to or resulting from (a) changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates, (b) any decline in the market price or trading volume of the Common Stock or any change in the credit rating of the Company or any of its securities (provided that the facts and circumstances underlying any such decline or change may be taken into account in determining whether a Company Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof), (c) general changes or developments in the industries in which the Company and its Subsidiaries operate, (d) the execution and delivery of this Agreement or the public announcement or pendency or consummation of the Merger or other transactions contemplated hereby, including the impact thereof on the relationships, contractual or otherwise, of the Company or any of its Subsidiaries with employees, partnerships, customers or suppliers, (e) the identity of Parent or any of its Affiliates as the acquiror of the Company, (f) the taking or omission of any action required by this Agreement or consented to or requested in writing by Parent, (g) any acts of terrorism or war or other hostilities, including the outbreak, worsening or escalation thereof, (h) any hurricane, tornado, flood, earthquake, natural disasters, acts of God or other comparable events, (i) changes in generally accepted accounting principles or Law or the interpretation or enforcement thereof, in each case, after the date hereof, (j) any litigation relating to or resulting from this Agreement or the transactions contemplated hereby, or (k) any failure to meet internal or published projections, forecasts, guidance or revenue or earning predictions (provided that the facts and circumstances underlying any such failure may be taken into account in determining whether a Company Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof); except, with respect to clauses (a), (c), (g), (h) and (i), to the extent that the impact thereof is disproportionately adverse to the Company and its Subsidiaries, taken as a whole, relative to others in the industry or industries in which the Company and its Subsidiaries operate (in which case the incremental material disproportionate impact may be taken into account in determining whether there has been a Company Material Adverse Effect).

"Company Material Contract" has the meaning set forth in Section 3.18(a).

"Company Meeting" has the meaning set forth in Section 5.5(b).

"Company Notes" means, collectively, the Company's (i) 5.625% Senior Notes due 2022, (ii) 5.125% Senior Notes due 2022 and (iii) 6.25% Senior Notes due 2024.

"Company Option" has the meaning set forth in Section 2.3(a).

"Company Performance Share Award Consideration" has the meaning set forth in Section 2.3(d).

"Company Permits" has the meaning set forth in Section 3.7(b).

"Company PSU" has the meaning set forth in Section 2.3(d).

"Company Related Parties" has the meaning set forth in Section 7.3(c).

"Company Restricted Share" has the meaning set forth in Section 2.3(c).

"Company RSU" has the meaning set forth in Section 2.3(b).

"Company SEC Documents" has the meaning set forth in Section 3.4(a).

"Company Stockholder Approval" has the meaning set forth in Section 3.17.

"Company Termination Fee" has the meaning set forth in Section 7.3(a).

"Conditional Redemption Notice" has the meaning set forth in Section 5.11(b)(v)(D).

"Confidentiality Agreements" has the meaning set forth in Section 5.3(b).

"Contract" means any legally binding contract, note, bond, mortgage, indenture, deed of trust, lease, commitment, agreement or other obligation or arrangement.

"Damage Cap" has the meaning set forth in Section 7.3(c)(ii).

"Debt Commitment Letter" has the meaning set forth in Section 4.5(a).

"Debt Financing" has the meaning set forth in Section 4.5(a).

"Definitive Agreements" has the meaning set forth in Section 5.11(a).

"DGCL" has the meaning set forth in the Recitals.

"Dissenting Shares" has the meaning set forth in Section 2.1(b).

"Effective Time" has the meaning set forth in Section 1.3.

"End Date" has the meaning set forth in Section 7.1(b).

"Environmental Law" has the meaning set forth in Section 3.8(b).

"Equity Commitment Letters" has the meaning set forth in Section 4.5(b).

"ERISA" has the meaning set forth in Section 3.9(a).

"ERISA Affiliate" has the meaning set forth in Section 3.9(c).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Shares" has the meaning set forth in Section 2.1(a)(iii).

"Exchange Fund" has the meaning set forth in Section 2.2(a).

"Fair Value" has the meaning set forth in Section 4.13(d).

"Fee Letters" has the meaning set forth in Section 4.5(c).

"Filing Fees" has the meaning set forth in Section 8.2.

"Financing" has the meaning set forth in Section 4.5(b).

"Financing Sources" means (a)(i) the entities that have committed to provide or otherwise entered into agreements in connection with the Debt Financing, including the parties to the Debt Commitment Letter or any related engagement letter in respect of the Debt Financing or to any joinder agreements, credit agreements, indentures, notes, purchase agreements or other agreements (including the definitive agreements executed in connection with the Debt Commitment Letter) relating thereto and (ii) any arrangers, bookrunners, administrative agents, collateral agents, in the case of each of clauses (i) and (ii), in such persons' capacities as such and (b) Affiliates of the foregoing, together with current, former or future officers, directors, employees, partners, trustees, shareholders, equityholders, managers, members, limited partners, controlling Persons, agents and representatives of the foregoing and the successors and assigns of the foregoing (other than the Sponsor, Parent, Merger Sub and their Affiliates and Representatives, but excluding KKR Capital Markets LLC, KKR Corporate Lending (TN) LLC, or any other debt fund Affiliates that are primarily engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit).

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" has the meaning set forth in Section 3.3(b).

"Guarantee" has the meaning set forth in Section 4.6.

"Hazardous Substance" has the meaning set forth in Section 3.8(c).

"Health Care Laws" means all applicable Laws relating to the regulation, provision, management, administration of, and payment for, healthcare services and items, including: (1) 42 U.S.C. §§ 1320a-7, 7a and 7b; (2) 42 U.S.C. § 1395nn; (3) 31 U.S.C. §§ 3729-3733; (4) 18 U.S.C. §§ 286, 287 and 666; (5) 42 U.S.C. §§ 1320a through 7b(b); (6) the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d et seq.), as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. § 17921 et seq.) and state health information data breach notification, privacy and security laws; (7) the Controlled Substances Act (21 U.S.C. § 801 et seq.); (8) the Medicare statute (Title XVIII of the Social Security Act) and the Medicaid statute (Title XIX of the Social Security Act); (9) any federal, state or local Laws with respect to healthcare related fraud and abuse, false claims, self-referral, anti-kickback, billing, coding, documentation and submission of claims, dispensing medicines or controlled substances, healthcare professional credentialing and licensing, sales and marketing, healthcare quality and safety, the corporate practice of medicine, fee-splitting, and healthcare facility or agency licensing; and (10) in each case, all regulations progumlated under such Laws and any other similar federal, state or local Laws.

"Health Care Program" means any health care insurance and other similar programs under which the Company or any of its Subsidiaries are directly or indirectly receiving payments, including: any federal or state healthcare program, Medicare, Medicaid, the Tricare program, the Veterans' Administration, private or commercial insurance programs, third-party administrators, preferred provider organizations, managed care organizations, health maintenance organizations, health plans, self-insured health plans, and any fiscal intermediary or contractor of any of the foregoing.

"Healthcare Approval Waiting Period" means the earlier of (a) 120 days after the date of this Agreement and (b) the receipt of approvals and consents required as a result of the transactions contemplated hereby with respect to the items set forth on Section 8.15(i) of the Company Disclosure Letter.

"Healthcare Professional" has the meaning set forth in Section 3.7(f).

"HSR Act" has the meaning set forth in Section 3.3(b).

"HSR Affiliate" means, with respect to any Person, any Person, trust, affiliated investment fund or other pooled investment or co-investment vehicle that is controlled or otherwise managed by or in conjunction with, or is under common control with, such Person or any of its Affiliates, and any portfolio company or similar asset in which such Person or any of its Affiliates has a greater than five percent (5%) investment.

"Import and Export Laws" means (a) all Sanctions, export and re-export Laws of the United States, including the U.S. International Traffic in Arms Regulation and the Export Administration Regulations, and (b) all other applicable import and export control Laws in any countries in which the Company and its Subsidiaries conduct business.

"Indemnified Party" has the meaning set forth in Section 5.10(b).

"Indemnity Agreement" means an agreement between the physician owner(s) of an Affiliated Medical Group and a Subsidiary of the Company, pursuant to which the Subsidiary indemnifies the physician owner(s) for any liability arising out of the management services provided by the Subsidiary pursuant to an Affiliated Medical Group Physician Services Agreement or Affiliated Medical Group Management Services Agreement.

"Initial Confidentiality Agreement" has the meaning set forth in Section 5.3(b).

"Intellectual Property" has the meaning set forth in Section 3.14(a).

"Intervening Event" has the meaning set forth in Section 5.4(h).

"Intervening Event Notice" has the meaning set forth in Section 5.4(d).

"Knowledge" means (a) with respect to Parent, the actual knowledge of the individuals listed on Section 8.15(ii) of the Parent Disclosure Letter and (b) with respect to the Company, the actual knowledge of the individuals listed on Section 8.15(ii) of the Company Disclosure Letter, in each case, after reasonable inquiry of their direct reports.

"Law" or "Laws" has the meaning set forth in Section 3.7(a).

"Lease" has the meaning set forth in Section 3.15.

"Leased Real Property" has the meaning set forth in Section 3.15.

"Lenders" has the meaning set forth in Section 4.5(a).

"Lien" means a lien, mortgage, pledge, security interest, charge, title defect, claim, option to purchase, restriction on transfer, right of first offer, rights of first refusal or other encumbrance of any kind or nature whatsoever, but excluding any license of Intellectual Property.

"Marketing Period" means the first period of 18 consecutive Business Days after the date of this Agreement throughout and at the end of which:

(a) Parent and Merger Sub shall have received the Required Information from the Company; and

(b)

(i) the conditions set forth in Section 6.1 and Section 6.3 shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), provided that after March 4, 2019 the conditions set forth in Section 6.1(b) (but only if the applicable legal restraint relates to any U.S. Antitrust Law) and Section 6.1(c) need not be satisfied or waived, and nothing has occurred and no condition exists that would cause any of the conditions set forth in Section 6.3 to fail to be satisfied assuming the Closing were to be scheduled for any time during such 18 consecutive Business Day period; and

(ii) nothing has occurred and no condition exists that entitles Parent to terminate this Agreement pursuant to Section 7.1;

provided that:

(1) (i) July 3, 4 and 5, 2018 shall not constitute Business Days for purposes of the Marketing Period, (ii) if the Marketing Period has not ended by August 17, 2018 then the Marketing Period shall not begin before September 4, 2018, (iii) November 21, 2018 and November 23, 2018 shall not be Business Days for purposes of calculating the Marketing Period, (iv) if the Marketing Period has not ended on or prior to December 21, 2018 then the Marketing Period shall not commence prior to January 2, 2019, and (v) if the Marketing Period has not ended on or prior to February 11, 2019 then the Marketing Period shall not commence until audited consolidated balance sheets as of December 31, 2018 and the related audited consolidated statements of operations and comprehensive income and cash flows of the Company have been delivered to Parent;

(2) the Marketing Period shall not be deemed to have been completed if:

a. after the date of this Agreement and prior to the completion of the Marketing Period, Deloitte & Touche LLP shall have withdrawn its audit opinion with respect to any of the financial statements contained in the Required Information, in which case the Marketing Period shall not be deemed to commence unless and until a new unqualified audit opinion is issued with respect to such financial statements by Deloitte & Touche LLP or another independent accounting firm reasonably acceptable to Parent;

b. after the date of this Agreement and prior to the completion of the Marketing Period, the financial statements included in the Required Information that is available to Parent on the first day of any such 18 consecutive Business Day period are not, during each day of such period, the most recent consolidated financial statements of the Company on which Company's independent accountants have performed and completed an audit or review as described in AU Section 722, Interim Financial Information, in which case the Marketing Period shall not be deemed to commence until the receipt by Parent of such most recent consolidated financial statements;

c. after the date of this Agreement and prior to the completion of the Marketing Period, the Required Information contains any untrue statement of material fact or omit to state any material fact necessary in order to make the statements contained therein not misleading, in which case the Marketing Period shall not be deemed to commence unless and until such Required Information has been updated or amended so that there is no longer any such untrue statement or omission; or

d. after the date of this Agreement and prior to the completion of the Marketing Period, the Company or any of its Subsidiaries shall have announced (x) any intention to restate any historical financial statements of the Company or any of its Subsidiaries or other financial information included in the Required Information or (y) that any such restatement is under consideration or may be a reasonable possibility, in which case the Marketing Period shall not be deemed to commence unless and until such restatement has been completed and the applicable Required Information has been amended or the Company has announced that it has concluded no such restatement shall be required; and

(3) notwithstanding the foregoing, the Marketing Period shall end on any earlier date on which the proceeds of the Debt Financing are obtained in full.

"Medicaid" means the medical assistance program established by Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.) and state and local Laws.

"Medicare" means the federal health insurance program established by Title XVIII of the Social Security Act.

"Merger" has the meaning set forth in the Recitals.

"Merger Consideration" has the meaning set forth in Section 2.1(a)(ii).

"Merger Sub" has the meaning set forth in the Preamble.

"Multiemployer Plan" has the meaning set forth in Section 3.9(a).

"New Plans" has the meaning set forth in Section 5.6(b).

"NYSE" means the New York Stock Exchange.

"Offering Documents" means offering and syndication documents and materials, including offering memoranda private placement memoranda, information memoranda and lender and investor presentations, rating agency materials and presentations, and similar documents and materials in connection with the Debt Financing.

"Old Plans" has the meaning set forth in Section 5.6(b).

"Original Company PSU Vesting Date" has the meaning set forth in Section 2.3(d).

"Owned Real Property" has the meaning set forth in Section 3.15.

"Parent" has the meaning set forth in the Preamble.

"Parent Approvals" has the meaning set forth in Section 4.2(b).

"Parent Disclosure Letter" has the meaning set forth in Article 4.

"Parent Material Adverse Effect" has the meaning set forth in Section 4.1.

"Parent Pro Forma Information" means (a) all cost savings, synergies, capitalization, ownership, and other post-Closing or pro forma adjustments (and the assumptions relating thereto) necessary to prepare the pro forma financial statements described in paragraphs (i)-(iv) of clause (c) of the definition of Required Information; and (b)(i) all other information, data and assumptions reasonably requested by the Company concerning the assumptions underlying such post-Closing or pro forma adjustments, or (ii) otherwise necessary to prepare such pro forma financial statements and customarily provided by the private equity sponsor, all of which such information and adjustments described in the foregoing clauses (a) and (b) must be reasonably and accurately prepared in good faith by Parent.

"Parent Related Parties" has the meaning set forth in Section 7.3(c)

"Parent Termination Fee" has the meaning set forth in Section 7.3(b).

"Paying Agent" has the meaning set forth in Section 2.2(a).

"Permits" has the meaning set forth in Section 3.7(b).

"Permitted Lien" means a Lien (a) for Taxes or governmental assessments, charges or claims of payment not yet due, that are being contested in good faith or for which adequate accruals or reserves have been established in accordance with GAAP, (b) that is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the ordinary course of business for amounts not yet past due, (c) that is a zoning, entitlement or other land use or environmental regulation by any Governmental Entity that is not violated in any material respect, (d) that is disclosed on the most recent consolidated balance sheet of the Company or notes thereto (or securing liabilities reflected on such balance sheet), (e) that secures indebtedness (i) in existence on the date of this Agreement and set forth on Section 8.15(iii) of the Company Disclosure Letter or (ii) not prohibited by Section 5.1(b)(ix) or (f) that was incurred in the ordinary course of business since the date of the most recent consolidated balance sheet of the Company and would not, individually or in the aggregate, interfere materially with the ordinary conduct of the business of the Company and its Subsidiaries as currently conducted or materially detract from the use, occupancy, value or marketability of the property affected by such Lien.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, group (as such term is used in Section 13 of the Exchange Act) or organization, including a Governmental Entity, and any permitted successors and assigns of such person.

"PHI" has the meaning set forth in Section 3.13.

"Preferred Stock" has the meaning set forth in Section 3.2(a).

"Proxy Costs" has the meaning set forth in Section 8.2.

"Proxy Statement" has the meaning set forth in Section 3.12.

"Real Property" has the meaning set forth in Section 3.15.

"Recommendation" has the meaning set forth in Section 3.3(a).

"Representatives" has the meaning set forth in Section 5.3(a).

"Required Information" means the following:

(a) audited consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries prepared on a consolidated basis in accordance with GAAP (and related notes thereto) for the three (3) most recently completed fiscal years and the related audited consolidated balance sheets as of the end of the two (2) most recently completed fiscal years, in each case ended at least sixty (60) calendar days before the Closing Date (assuming, for purposes of determining the satisfaction of the Marketing Period, that the Closing Date would occur at the end of such Marketing Period);

(b) unaudited consolidated balance sheets and related statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries prepared on a consolidated basis in accordance with GAAP for each subsequent fiscal quarter (other than the fourth fiscal quarter of the Company's fiscal year) ended at least forty (40) calendar days prior to the Closing Date and the related fiscal quarter of the prior fiscal year (assuming, for purposes of determining the satisfaction of the Marketing Period, that the Closing Date would occur at the end of such Marketing Period);

(c)

(i) a pro forma statement of operations of Parent and its Subsidiaries (including the Company and its Subsidiaries) for the most recently completed fiscal year ended at least sixty (60) calendar days before the Closing Date;

(ii) a pro forma statement of operations of Parent and its Subsidiaries (including the Company and its Subsidiaries) for the latest interim period covered by the financial statements provided pursuant to clause (b) above (and the comparative period of the prior year);

(iii) a pro forma balance sheet as of the most recently completed fiscal year pursuant to clause (a) above or, if later, as of the most recently completed fiscal quarter pursuant to clause (b) above; and

(iv) a pro forma statement of operations of Parent and its Subsidiaries for the 12-month period ending on the last day of the most recently completed fiscal quarter covered by the financial statements provided pursuant to clause (b) above;

in each case, prepared after giving effect to the Merger and the Debt Financing and in compliance with Regulations S-X of the Securities Act; provided that, notwithstanding the foregoing or anything herein to the contrary, the Required Information shall not include the deliveries described in this clause (c), and the Company shall not be required to provide such deliveries described in this clause (c), unless Parent has provided to the Company in writing, reasonably in advance of the date on which the Marketing Period would otherise have begun, all Parent Pro Forma Information (it being understood that substantially all of the Parent Pro Forma Information must be provided at least 20 Business Days in advance of when the Marketing Period otherwise would have begun if the information described in this clause (c) were not required); and

(d) other customary historical financial information and operating information and data regarding the Company and its Subsidiaries that is reasonably requested by Parent in writing in order to prepare customary Offering Documents which, subject in all respects to the following paragraph, are (I) of type and form required by Regulation S-X and Regulation S-K under the Securities Act for registered offerings of securities on Form S-1 under the Securites Act, and (II) customarily included in Offering Documents relating to syndicated credit facilites and offerings of non-convertible debt securities issued pursuant to Rule 144A promulgated under the Securities Act.

Notwithstanding anything to the contrary in this definition or otherwise, nothing herein will require the Company to provide (or be deemed to require the Company to prepare) any (1) description of all or any portion of the Debt Financing, including any "description of notes", "plan of distribution" and information customarily provided by investment banks or their counsel or advisors in the preparation of an offering memorandum for private placements of non-convertible high-yield bonds pursuant to Rule 144A, (2) risk factors relating to, or any description of, all or any component of the financing contemplated thereby, (3) or any information required by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X, any information regarding executive compensation related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A, (4) consolidating financial statements, separate Subsidiary financial statements, related party disclosures, or any segment information, in each case which are prepared on a basis not consistent with the Company's reporting practices for the periods presented pursuant to clauses (a) and (b) above, or (5) any other information customarily excluded from an offering memorandum for private placements of non-convertible high-yield bonds pursuant to Rule 144A. In addition, for the avoidance of doubt, "Required Information" shall not include historical financial statements or other historical financial or operating data of Envision Healthcare Holdings, Inc. which would not be required for inclusion in a registered offering of debt securities under Regulation S-X or Regulation S-K. In addition, for the avoidance of doubt, "Required Information" shall not include (X) pro forma financial information (except as expressly set forth in clause (c) above) or (Y) projections. If the Company shall in good faith reasonably believe that the Required Information has been delivered to Parent, the Company may deliver to Parent a written notice to that effect (stating when it believes the delivery of the Required Information to Parent was completed), in which case the Company shall be deemed to have complied with such obligation to furnish the Required Information and Parent shall be deemed to have received the Required Information, unless Parent in good faith reasonably believes that the Company has not completed delivery of the Required Information and not later than 5:00 p.m. (New York City time) three (3) Business Days after the delivery of such notice by the Company, delivers a written notice to the Company to that effect (stating with specificity which such Required Information the Company has not delivered); provided that notwithstanding the foregoing, the delivery of the Required Information shall be satisfied at any time at which (and so long as) Parent shall have actually received the Required Information, regardless of whether or when any such notice is delivered by the Company.

"Sanctioned Person" means a Person that is (i) the subject of Sanctions, (ii) located in or organized under the laws of a country or territory which has been the subject of country- or territory-wide Sanctions within the past five years (including Cuba, Iran, North Korea, Sudan, Syria or the Crimea region) or (iii) majority-owned or controlled by any of the foregoing.

"Sanctions" means those trade, economic and financial sanctions Laws, regulations, embargoes, and restrictive measures (in each case having the force of Law) administered, enacted or enforced from time to time by (i) the United States (including the Department of the Treasury, Office of Foreign Assets Control and the Department of State), (ii) the European Union and enforced by its member states, (iii) the United Nations, (iv) Her Majesty's Treasury or (v) other similar governmental bodies with regulatory authority over the Company or any of its Subsidiaries from time to time.

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002, as amended.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Sensitive Data" has the meaning set forth in Section 3.7(e).

"Share" has the meaning set forth in Section 2.1(a)(i).

"Significant Subsidiary" means, with respect to any Person, a Subsidiary of such Person that would constitute a "significant subsidiary" of such Person within the meaning of Rule 1-02(w) of Regulation S-X as promulgated by the SEC.

"Specified Approvals" has the meaning set forth in Section 3.3(b).

"Sponsor" has the meaning set forth in Section 4.6.

"Stock Transfer Agreement" means an agreement between the physician owner(s) of an Affiliated Medical Group and a Subsidiary of the Company pursuant to which such physician owner(s) agree to transfer the equity interests in the Affiliated Medical Group to a designee of the Subsidiary under certain circumstances.

"Subsidiaries" means, with respect to any party, any corporation, partnership, association, trust or other form of legal entity of which (a) more than 50% of the outstanding voting securities are on the date hereof directly or indirectly owned by such party, or (b) such party or any Subsidiary of such party is a general partner (excluding partnerships in which such party or any Subsidiary of such party does not have a majority of the voting interests in such partnership); provided, that (i) each Affiliated Medical Group shall be considered a Subsidiary of the Company solely for purposes of Article 3, Section 5.1, Section 5.3, Section 5.4, Section 5.11 and, to the extent related to the representations and warranties contained in Article 3, Section 6.3(a) (including in each case for purposes of the definitions of the terms defined in this Agreement that are used in Article 3 and such Sections) and (ii) no corporation, partnership, association, trust or other form of legal entity owned by the Company or its Subsidiaries prior to the date of this Agreement, that is not so owned as of the date of this Agreement, shall be considered a Subsidiary of the Company for purposes of this Agreement, except to the extent the Company has ongoing obligations or liabilities relating to such corporation, partnership, association, trust or other form of legal entity.

"Superior Proposal" has the meaning set forth in Section 5.4(g).

"Superior Proposal Notice" has the meaning set forth in Section 5.4(c).

"Surviving Corporation" has the meaning set forth in Section 1.1.

"Tax Return" has the meaning set forth in Section 3.13(b).

"Taxes" has the meaning set forth in Section 3.13(b).

"Termination Date" has the meaning set forth in Section 5.1(a).

"willful and material breach" means a material breach that is a consequence of an act undertaken by the breaching party or the failure by the breaching party to take an act it is required to take under this Agreement, with knowledge that the taking of or failure to take such act would, or would reasonably be expected to, result in, constitute or cause a breach of this Agreement.

Section 8.16 No Recourse. This Agreement may only be enforced against, and any Action that may be based upon or under, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against the entities that are expressly identified as parties hereto and then only with respect to the specific obligations set forth herein with respect to such party. No Parent Related Party (other than Parent and Merger Sub to the extent set forth in this Agreement and the Sponsor to the extent set forth in the Equity Commitment Letter and the Guarantee) shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any Action (whether at law, in equity in tort, in contract or otherwise) based on, in respect of, or by reason of, the transactions contemplated hereby or in respect of any oral representations made or alleged to be made in connection herewith. In no event shall the Company or any of the Company Related Parties, and the Company agrees not to and to cause the Company Related Parties not to, seek to enforce this Agreement against, make any claims for breach of this Agreement against, or seek to recover monetary damages from, any Parent Related Party (other than Parent and Merger Sub under this Agreement, Sponsor under the Guarantee, or Kohlberg Kravis Roberts & Co. L.P. under the Confidentiality Agreements).

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

ENTERPRISE PARENT HOLDINGS INC.

By:____________________
Name: Max Lin
Title: Vice President

ENTERPRISE MERGER SUB INC.

By:____________________
Name: Max Lin
Title: Vice President

[*Signature Page to the Agreement and Plan of Merger*]

Appendix B

ENVISION HEALTHCARE CORPORATION

By: ______________________
Name: Christopher A. Holden
Title: CEO

[Signature Page to the Agreement and Plan of Merger]

Appendix B

Annex I

FORM OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ENVISION HEALTHCARE CORPORATION

FIRST: The name of the corporation is Envision Healthcare Corporation (the "Corporation").

SECOND: The registered office of the Corporation in the State of Delaware is 4001 Kennett Pike, Suite 302, in the City of Wilmington, County of New Castle, Delaware 19807. The name of the registered agent at such address upon whom process against the Corporation may be served is Maples Fiduciary Services (Delaware) Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as from time to time amended.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is one thousand (1,000) shares of common stock, with a par value per share of $0.01 (the "Common Stock").

FIFTH: In furtherance and not in limitation of the powers conferred by law, subject to any limitations contained elsewhere in this certificate of incorporation, the bylaws of the Corporation may be adopted, amended or repealed by a majority of the board of directors of the Corporation (the "Board of Directors"), but any bylaws adopted by the Board of Directors may be amended or repealed by the stockholders entitled to vote thereon. Election of directors need not be by written ballot.

SIXTH: (a) No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, except that such directors may be liable (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, as so amended, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) To the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended, the Corporation shall indemnify and advance expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred, to each person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the person is or was a director of the Corporation, provided that, except as otherwise provided in the bylaws of the Corporation, the Corporation shall not be obligated to indemnify or advance expenses to a director of the Corporation in respect of an action, suit or proceeding (or part thereof) instituted by such director, unless such action, suit or proceeding (or part thereof) has been authorized by the Board of Directors. The rights provided by this subsection (b) of this Article SIXTH shall not limit or exclude any rights, indemnities or limitations of liability to which any director of the Corporation may be entitled, whether as a matter of law, under the bylaws, by agreement, vote of the stockholders, approval of the directors of the Corporation or otherwise.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this [ ] day of [ ], 2018.

____

[ ]
[ ]

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2017

Envision Healthcare Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**001-37955**	**62-1493316**
(State or Other Jurisdiction of Incorporation)	*(Commission File Number)*	*(I.R.S. Employer Identification No.)*

1A Burton Hills Boulevard	
Nashville, Tennessee	**37215**
(Address of Principal Executive Offices)	*(Zip Code)*

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

Common Stock, $0.01 par value
(Title of class)

New York Stock Exchange
(Name of each exchange on which registered)

Registrant's telephone number, including area code: (615) 665-1283

Securities registered pursuant to Section 12(g) of the Act: None

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

Yes [X] No [ ]

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

Yes [ ] No [X]

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

Yes [X] No [ ]

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

Yes [X] No [ ]

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [ ]
(Do not check if a smaller reporting company)	Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes [ ] No [X]

As of February 23, 2018, 120,925,991 shares of the Registrant's common stock were outstanding. The aggregate market value of the shares of common stock of the Registrant held by nonaffiliates on June 30, 2017 (based upon the closing sale price of these shares as reported on the New York Stock Exchange as of June 30, 2017) was $7,325,596,447. This calculation assumes that all shares of common stock beneficially held by executive officers and members of the Board of Directors of the Registrant are owned by "affiliates," a status which each of the officers and directors individually may disclaim.

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Appendix C

Table of Contents to Annual Report on Form 10-K for the Year Ended December 31, 2017

Part I

Item 1. Business

Company Overview

Unless the context otherwise requires, "we," "us," "our," "Envision" and the "Company" refer to the business of Envision Healthcare Corporation and its subsidiaries. References herein to "AmSurg" refer to AmSurg Corp. and references herein to "EHH" refer to Envision Healthcare Holdings, Inc., in each case prior to the completion of the Merger (as defined below).

We are a nationwide provider of healthcare services, offering a highly differentiated array of clinical solutions, including physician-led services and ambulatory services. We empower physicians in aligning with health systems, payors and communities forming high-performing clinical networks. We strive to be the trusted strategic partner for providers, health systems, communities and payors in the common pursuit of the highest quality of care for the patients we serve.

On December 1, 2016, AmSurg and EHH completed the merger and the strategic combination (the Merger) of their respective businesses. While the Merger was a merger of equals of AmSurg and EHH, AmSurg was the accounting acquirer in the Merger; therefore, the historical consolidated financial statements of AmSurg for periods prior to the Merger are considered to be the historical financial statements of the Company. The Company's consolidated financial statements for 2016 included in this report reflect AmSurg's consolidated operations for the period from January 1, 2016 to November 30, 2016, and the Company's consolidated operations for the period from December 1, 2016 to December 31, 2016. On December 2, 2016, shares of the common stock of the Company began trading on the New York Stock Exchange under the ticker symbol "EVHC."

The Merger combined two leaders to create a premier healthcare services provider organization offering clinical solutions on a national scale, enabling the Company to create value for health systems, payors, providers and patients. AmSurg has more than 25 years of operating history in the ambulatory surgery business and more than 50 years of operating history in the physician services business, primarily in anesthesia services. EHH has more than 40 years of operating history in the physician services business, primarily in emergency services. We market our services on a stand-alone, multi-service or integrated basis combining two or more services. We believe our physician-centric culture and integrated care model benefits providers and patients by improving the quality of care and reducing the total cost of care.

On February 28, 2017, we announced that we would explore strategic alternatives for our medical transportation business, American Medical Response (AMR). On August 7, 2017, we entered into a definitive agreement to divest AMR to an entity controlled by funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (KKR) for approximately $2.4 billion in cash. As a result, the medical transportation business is no longer a separate reportable segment. The transaction is subject to regulatory approval and customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act. We received a second request from the FTC asking for further information related to the transaction, and the buyer has agreed to certain divestiture remedies to address concerns raised by the FTC. We expect that the transaction will be completed during the first quarter of 2018.

We have aligned our financial results into two reportable segments: physician services and ambulatory services. The physician services segment includes the Company's hospital-based and non-hospital-based physician services businesses. The ambulatory services segment includes the Company's ambulatory surgery business, which acquires, develops, owns and operates ambulatory surgery centers (ASCs) and surgical hospitals in partnership with physicians and health systems. For the year ended December 31, 2017, approximately 84% and 16% of our revenues were generated by our physician services segment and ambulatory services segment, respectively. For additional information about our reportable segments, please see "Note 21 - Segment Reporting" to our consolidated financial statements included in Item 8. Financial Statements and Supplementary Data in this report.

Recent Developments

On October 31, 2017, we announced that our Board of Directors (our Board), in consultation with management and financial and legal advisors, had unanimously initiated a full review of a broad range of strategic alternatives to enhance stockholder value. The Board has not set a timetable for completion of its review. There can be no assurance that this review will result in a transaction or other alternatives of any kind, or if such strategic alternative does occur, that it will successfully enhance stockholder value.

Competitive Strengths

National physician-led healthcare services company offering a broad array of services. The Merger combined two leading, complementary healthcare services companies to form one of the nation's largest provider organizations, well-positioned to help shape the future of healthcare delivery. Currently, we manage a broad array of clinical network solutions, including physician-led services and ambulatory services. We believe our scale and breadth of services in a fragmented marketplace allows us to be the most trusted and highest quality strategic partner for health systems, healthcare providers, payors, patients and communities in the common pursuit of the highest quality of care for the patients we serve. Additionally, our portfolio of service offerings creates value by delivering integrated physician-centric care to systems, payors and patients, and positions us favorably for growth and long-term leadership as the dynamic healthcare landscape continues to evolve.

Opportunities for accelerated growth. We operate in the physician services and ambulatory services markets, two large and growing segments that are supported by favorable demographic shifts. We have a track record of delivering strong growth through a combination of organic growth, new contract additions and selective acquisitions. Organic growth has historically been supported by consistent underlying market volume trends, stable pricing and a diversified payor mix. Historically, market volumes have been driven primarily by the non-discretionary nature of our services, aging demographics and primary care physician shortages that drive patients to emergency rooms. We believe that our networks of high-quality providers position us to take advantage of these trends, even during periods of slower inpatient utilization growth for certain of our healthcare system customers.

We have successfully executed on new contract growth by providing a set of differentiated services and delivering integrated, efficient, high-quality care, which has helped us expand our relationships with our existing customers and compete effectively in the bidding process for new contracts. We intend to continue to expand our existing customer relationships and capitalize on greenfield opportunities as we seek to increase our new contract growth, which represents the majority of the anticipated revenue synergies of the Merger. Additionally, we believe we will have opportunities to expand our services to the health systems we currently serve. We also have a strong track record of executing on and integrating select acquisition opportunities. We expect that the fragmented nature of the segments in which we operate, in particular the physician services segment, in addition to the strength of our operating platform, will aid in increasing our near- and long-term acquisition pipelines.

Strong financial profile with attractive cash flow and deleveraging profile. We have historically achieved revenue growth and attractive margins while maintaining a strong balance sheet. We have a diversified business mix across our segments, geographies and clients, as well as significant cash flow, which we expect to deploy opportunistically for acquisitions, thereby driving growth while also reducing leverage ratios.

Focus on clinical excellence. We are focused on achieving the best clinical outcomes for our patients through the application of rigorous recruiting and credentialing standards, the promotion of a physician-led leadership culture and the monitoring of our clinical quality measures. Through extensive clinical and leadership development programs, we train our healthcare professionals to continually enhance their skills and deliver innovative and patient-focused experiences and outcomes. Our healthcare professionals are supported through our specialty-specific networks, which are led by our physician senior leadership. We provide internally developed continuing medical education accredited courses to our healthcare professionals, including instructor-led and on-line education sessions. We have developed and implemented quality measurement systems that track multiple key indicators, which assist our professionals in systematically monitoring, examining and analyzing outcomes and processes. These quality measurement systems are supplemented by our active peer review infrastructure designed to ensure the development and implementation of actionable items that will improve patient outcomes. Our ability to deliver high levels of customer service and patient care is a direct result of this focus, which helps us to differentiate our services, and to attract and retain providers.

Ability to attract and retain high-quality providers. Through our recruiting databases and processes, we are able to identify and target high-quality providers to match the needs of our customers. We believe that our national presence and operating infrastructure enable us to provide attractive opportunities for our providers to enhance their skills through extensive clinical and leadership development programs. We believe that our differentiated recruiting, training and development programs strengthen our customer and provider relationships, enhance our strong contract and clinician retention rates and allow us to efficiently recruit providers to support our robust new contract pipeline across each of our service lines.

Business Strategy

Capitalize on organic growth opportunities. Our scale, scope and long operating history, combined with our value-enhancing initiatives, provide us with competitive advantages to continue to grow our business. We believe that our integrated service offerings, differentiated and data-driven clinical quality processes, scalable technology and sophisticated risk management programs improve the quality and efficiency of care, creating value for health systems, payors and patients. We also believe our physician-led, patient-focused culture and approach to clinical solutions will allow us to continue to successfully recruit and retain clinical professionals.

Grow complementary and integrated service lines. Our continued focus on expanding our existing relationships and integrated service offerings has helped health systems, communities and payors realize economic benefits and clinical value for patients. We plan to expand and integrate the delivery of our differentiated suite of services across our existing customer base. We believe that our ability to expand our existing relationships will be enhanced by our strong reputation, our national footprint, and strong relationships with our health system customers.

Supplement organic growth with strategic acquisitions. The segments in which we compete are highly fragmented, presenting significant opportunities for organic growth and additional acquisitions. We have a successful track record of completing and integrating select acquisitions. This has enhanced our presence in existing markets, facilitated our entry into new geographies and expanded the scope of our services. We will continue to follow a disciplined strategy in exploring future acquisitions by analyzing the strategic rationale, financial impact and organic growth profile of each potential opportunity. From time to time, we perform strategic reviews of our business lines, and may pursue strategic initiatives in the future, including divestitures, acquisitions, spin-offs, split-offs, strategic partnerships or joint ventures.

Enhance operational efficiencies and productivity. We believe there are significant opportunities to continue to build upon our success in improving our productivity and profitability. We continue to focus on initiatives to improve productivity, including more efficient scheduling, continued use of mid-level providers, enhancing our leadership training programs, improving and realigning compensation programs and providing certain shared services across our businesses. We believe that our processes related to managed care contracting, billing, coding, collection and compliance have driven a strong track record of efficient revenue cycle management. We have made significant investments in infrastructure, including management information systems that we believe will continue to enable us to improve clinical results and key client metrics while reducing the cost of providing patient care. We have dedicated teams with business and clinical expertise that are responsible for implementing best practices. Furthermore, in all segments, we will continue to utilize risk mitigation programs for loss prevention and early intervention, including continued use of clinical "fail-safes" and other technology. We believe that our significant investments in scalable technology systems will facilitate additional cost reductions and efficiencies.

Physician Services Segment

We are a leading national provider of multispecialty physician services to our health system clients, including hospitals, ASCs and other healthcare facilities. As of December 31, 2017, we had physician services contracts, primarily in the areas of emergency department and hospitalist services, anesthesiology services, radiology/tele-radiology services and children's services, covering more than 1,800 clinical departments in healthcare facilities in 45 states and the District of Columbia, and over 25,200 employed or affiliated physicians and other healthcare professionals. The market for physician services is fragmented in each of our specialties, and is serviced by national, regional and local providers. For the year ended December 31, 2017, Arizona, California, Florida, New Jersey and Texas accounted for approximately 62% of our physician services segment net revenue.

We, or our affiliated entities, recruit and hire or contract with physicians and other healthcare professionals, who then provide services to patients in the facilities with which we contract. We bill and collect from each patient or the patient's insurance provider for the medical services performed. We also have agreements with independent physician groups and hospitals to provide management services such as billing and collection, recruiting, risk management and certain other administrative services.

The following table presents the physician services revenue mix from our primary specialties for the years ended December 31, 2017 and 2016. Revenue mix for the year ended December 31, 2016 is presented on a pro forma combined basis, assuming the Merger was completed on January 1, 2016.

	Revenue Mix	
	2017	2016
Emergency department and hospitalist services	54%	55%
Anesthesiology services	28	27
Radiology services	8	5
Children's services	2	2
Office based, surgery and other	8	11
Total	100%	100%

Emergency Department (ED) and Hospitalist Services

We are a leading national provider of emergency medicine services to hospitals, freestanding emergency care facilities, and urgent care facilities in the United States. Emergency departments are an essential access point for medical services and are a primary source of patient admissions to hospitals and other facilities. Consequently, hospitals require efficient and effectively operated emergency departments, often turning to third-party providers with greater experience and resources. We believe that ED utilization trends and cost pressures facing hospitals have resulted in an increased focus by facilities on improving the operating efficiency of their EDs.

We provide inpatient physician services, or hospitalist medicine services, for hospital patients who have no primary care physician or have an attending physician who requests that our hospitalist manage the patient. We help reduce the average length of stay for patients. Inpatient service physicians are also an integral part of the post-discharge coordination of patient care by directing how care outside the hospital setting should be established and coordinated by improving the care coordination through effective working relationships with the ED. We believe that effective hospitalist programs result in better patient outcomes and lower costs. We frequently provide hospitalist services to our customers in combination with other physician services. During 2017, our ED and hospitalist medicine providers handled more than 19.3 million emergency room visits.

Anesthesiology Services

We are a leading national provider of anesthesia services in the United States. Our anesthesia care teams provide anesthesiology services to hospitals, ASCs and other healthcare facilities. These teams are typically comprised of board-certified physicians and allied health professionals. Our anesthesiologists are a key part of the effective management and productivity of hospital surgery departments, ASCs and other healthcare facilities. During 2017, our anesthesia professionals handled more than 2.9 million anesthetic cases.

Radiology/Tele-radiology Services

We are a leading national provider of radiology services, including diagnostic, interventional and tele-radiology services, to hospitals, imaging centers and physician group practices in the United States. Many of our radiologists provide their services at healthcare facilities where they interpret all modalities of radiology images. They can consult directly with attending physicians, providing prompt, accurate interpretations, which promotes the professional development of our radiologists as they interact constantly with the physicians at our clients' facilities. During 2017, our radiology professionals interpreted over 9.9 million studies.

Children's Services

We are a leading national provider of children's services in the United States. Through our children's services teams, which include on-site medical directors, physicians and nurse practitioners, we provide neonatal management services at our healthcare facility partners' neonatal intensive care units (NICUs). We continue to expand our provision of children's services in pediatric hospitalist, pediatric intensivist and pediatric emergency medicine subspecialties. During 2017, our children's services professionals supported approximately 300,000 patient days.

Other Services

Surgery Services. We offer management, oversight and surgeon staffing for trauma surgery services. This service gives hospitals the opportunity to raise their trauma designation by providing expanded coverage for and management of surgery services.

Post-Acute Care Services. We provide direct patient care and care coordination by clinicians outside the acute care setting through physician-led post-acute care services, including transitional care teams and tele-monitoring and tele-medicine. We serve patients who require comprehensive care across various settings, many of whom suffer from advanced illnesses and chronic diseases. We believe that providers of care management solutions outside the hospital can offer an attractive value proposition.

Office-Based Services. We operate groups of office-based medical practices that primarily focus on women's health and provide services in the areas of gynecology and obstetrics. We maintain and operate our office-based practices in communities where the practices support and integrate with our facilities-based specialties, providing additional value to our healthcare facility clients through coordination of care. We provide management services to affiliated office-based practices and typically manage all aspects of the practice other than the provision of medical services, except in jurisdictions where we are permitted to also provide clinical management services.

Support Services

We provide a full range of hospital-based physician staffing and related management services for each of our physician services specialties, which include:

Contract Management. We utilize an integrated approach to contract management that involves physicians, non-clinical business experts and operational and quality assurance specialists. An on-site medical director responsible for the day-to-day oversight of the relationship, including clinical quality, works closely with the facility's management in developing strategic initiatives and objectives. A quality manager develops site-specific quality improvement programs, and a practice improvement staff focuses on chart documentation, operational improvement and physician utilization patterns.

Staffing. We provide healthcare facilities with a full range of staffing services to ensure that each contract is staffed with the appropriate mix of qualified physicians and other medical professionals. Our dedicated clinical teams include qualified physicians and other healthcare professionals responsible for the delivery of high-quality, cost-effective care. These teams also rely on managerial personnel, many of whom have clinical experience, who oversee the administration and operations of the clinical area.

Recruiting. Many healthcare facilities lack the dedicated resources and expertise necessary to identify and attract specialized physicians. Our marketing and recruiting staff utilizes our proprietary recruiting support systems and databases to increase the success and efficiency of our recruiters and our physician retention rates.

Scheduling. Our scheduling departments schedule, or assist our medical directors in scheduling, physicians and other healthcare professionals in accordance with the coverage model at each facility. We provide 24-hour service to ensure that unscheduled situations such as physician illness and personal emergencies do not result in a disruption of coverage.

Operational Improvement Assessments. On behalf of our hospital customers, we implement process improvement programs that are directed toward enhancement of operating and triage systems, and improvement of critical operational metrics, including turnaround times, "left without being treated," and throughput times. These programs are delivered to the clinical and non-clinical members of the hospital ED as well as other areas of a healthcare facility where services are being provided.

Practice Support Services. In some situations, facilities and physician groups that are not contracted or affiliated with us are interested in receiving stand-alone management services such as billing and collection, scheduling, recruitment and risk management, and at times we unbundle our services to meet these needs. We provide these services to independent physician groups and healthcare facilities under practice support agreements that generally have a term of one to three years.

Physician Services Segment Overview

The growing complexity of the healthcare delivery system has led many healthcare facilities to increasingly engage third-party providers to provide medical coverage and administrative functions to improve productivity, increase the overall quality of care and reduce administrative costs. We believe the primary clinical areas we serve, which include emergency and hospitalist medicine, anesthesiology, radiology and children's services, are specialties that are extremely important lines of service for the overall provision of care. The market for services in our specialties tends to be highly fragmented and is predominantly served by smaller group practices.

We believe our physician services segment is well-positioned to benefit from certain trends including the following:

Shift towards national providers of physician services. Hospitals, ASCs and other healthcare facilities are increasingly utilizing national providers of healthcare professionals as a means of achieving targeted physician coverage levels, including by addressing difficulties in hiring and retaining physicians and increasing operational efficiency to improve patient flow, reduce wait times, coordinate care, shorten lengths of stay and reduce readmission rates, all of which lead to lower costs and promote improved patient care. Historically, hospitals, ASCs and other healthcare facilities have relied on local practice groups to provide physician services, but an increasing number have been turning to national physician groups to meet their increasingly complex needs. We are a direct beneficiary of this continuing shift from smaller local groups to larger national provider organizations. We believe we are well positioned to serve as a trusted partner to health systems in their transformation to integrated healthcare delivery networks.

Consolidation of healthcare providers. Historically, healthcare has predominantly been provided through smaller, fragmented local provider groups. However, due to changes in reimbursement, increasing regulatory compliance requirements and growing client demands for quality measurement and cost efficiencies, hospitals, ASCs and other healthcare facilities, in some instances, are increasingly consolidating with one another, provider groups are consolidating into larger groups and individual physicians are seeking larger partners. A significant portion of our growth has come from consolidation with regional provider groups, other acquisitions of smaller physician group practices and new contract wins, all of which have in part been driven by these consolidation trends.

Opportunities created by healthcare reform. The healthcare sector is periodically subject to regulatory, legislative and other political reform initiatives, at the federal and state level, that significantly impact government healthcare programs, reimbursement models, and health insurance coverage. Recent reform initiatives include efforts to shift governmental reimbursement models away from fee for service methodologies toward value-based approaches. In particular, under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), physicians will receive payment incentives or reductions based on their performance with respect to clinical quality, efficiency, clinical improvement activities and meaningful use of electronic health records. We believe our continuing focus on clinical excellence and monitoring the clinical quality of our services positions us favorably to benefit from the shift toward value-based reimbursement models. Other initiatives have increased access to health insurance, including the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (Health Reform Law), and other healthcare reform measures. The Health Reform Law has also increased the obligation of healthcare providers to provide coordinated care and held providers accountable for showing measurable patient outcomes. As a healthcare provider with a national footprint, under the Health Reform Law, as currently in effect, we believe we are in a favorable position to serve the expected growth in patient populations and to meet our clients' needs for increased coordination and outcomes measurement. However, the Health Reform Law has been modified by congressional action since its enactment, including the repeal of the mandate requiring substantially all U.S. citizens to obtain qualifying health insurance coverage, and may in the future be repealed or further modified as leaders in both the executive and legislative branches of government have stated their intention to do so. See "Government Regulation-*Health Reform Law*" later in this report.

Increased competition for specialty physicians. With a growing and aging population in the United States, demands for specialty physician services are increasingly outpacing the supply of qualified practitioners. We believe there will be a shortage of physicians in each of our specialties occurring in the next ten years. This growing shortage has led to increasing challenges in recruiting and retaining specialty physicians among hospitals, ASCs and other healthcare facilities, which we believe we can service in part by utilizing other allied healthcare professionals, such as certified registered nurse anesthetists, advanced registered nurse practitioners and physician assistants. Given our expertise in recruiting healthcare professionals in our specialty fields and the attractiveness of our business model to such specialists, we believe we are well-positioned to continue to recruit and retain healthcare professionals and meet the increasing demand for their services in the years to come.

Physician Services Strategy

We intend to grow the revenue and profitability of our physician services segment by:

Delivering distinctive service to our existing client base to drive strong same-contract growth. The foundation of our physician services business lies in how we service our existing base of health system customers. To ensure that we maintain and further strengthen these client relationships, we pursue the following key strategies:

- expand our national physician services capabilities through management expertise, enhancements in our internal physician recruiting, credentialing and onboarding organizations, further development of our provider quality metrics capabilities and investment in reimbursement technologies;
- provide our health system clients with a compelling and diverse suite of clinical solutions to deliver on our customers' mandate for increased clinical quality, patient satisfaction and coordination of care;
- work with our clients to develop increased efficiencies through the application of best practice information regarding physician staffing and procedural turnaround;
- further advance our relationships with national managed care companies to facilitate favorable contract terms and more efficient revenue cycle management;
- collaborate with hospitals, ASCs and other healthcare facilities to improve their operations by leveraging the clinical leadership of our physicians at clients' facilities; and
- recruit and retain high quality physicians and healthcare professionals by providing clinical resources, comprehensive administrative practice support, competitive compensation and career opportunities.

Organically expanding through new contract wins. The fragmentation of physician services providers creates significant opportunities for organic growth, as we believe that we can provide better solutions for hospitals, ASCs and other healthcare facilities than those offered by smaller provider groups. Our differentiated capabilities and market presence have enabled us to win contracts with both new and existing clients and we expect to continue to capitalize on these trends. Within our existing client base, there is a significant opportunity to win new contracts by expanding our relationships with existing health system partners by adding additional specialties at their facilities. We have significantly invested in expanding the breadth and focus of our physician services segment business development functions. We believe our expanded efforts and dedicated internal resources will position us well to continue to win new contracts.

Executing acquisitions to augment our organic growth. As physician services providers continue to consolidate, we believe we will have the opportunity to augment the organic growth of our physician services segment through opportunistic acquisitions of regional and local providers. We will selectively target strategic "platform" practices for future growth in new geographies and "in-market" practices in geographies where we have an established presence. In the last five years, the Company, including its predecessors, has successfully acquired and integrated more than 50 physician group practices for a combined acquisition price of approximately $3.1 billion.

Enhancing profitability by achieving further operating efficiencies. We believe we can improve the operating efficiency of our physician services business as we grow. Our infrastructure is designed to achieve economies of scale by enhancing profitability with revenue growth without compromising the quality of operations or clinical care. We believe our processes related to managed care contracting, billing, coding, collection and compliance have driven a track record of effective and efficient revenue cycle management. We continue to make investments in infrastructure, including management information systems that we believe will enable us to improve clinical quality and key client metrics while reducing the cost of providing patient care.

Physician Services Revenues

Our physician services segment revenue is derived principally from the provision of physician services to patients of the healthcare facilities we serve and primarily consists of fee for service revenue from third-party payors. We also receive contract revenue, which represents income earned from the Company's hospital customers to supplement payments from third-party payors. We record revenue at the time services are provided, net of a contractual allowance and provision for uncollectibles. Revenue less the contractual allowance represents the net revenue expected to be collected from third-party payors including managed care, commercial and governmental payors such as Medicare and Medicaid and patients insured by these payors.

We also recognize revenue for services provided during a particular period but not yet billed. Expected collections are estimated based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient's healthcare plan, mandated payment rates under the Medicare and Medicaid programs, and historical cash collections. Our provision for uncollectibles includes the estimate of uncollectible balances due from uninsured patients, uncollectible co-pay and deductible balances due from insured patients and special charges, if any, for uncollectible balances due from managed care, commercial and governmental payors. We record net revenue from uninsured patients at its estimated realizable value, which includes a provision for uncollectible balances, based on historical cash collections, net of recoveries.

We provide the majority of billing for our employed and affiliated physicians through our internal billing function. We also selectively utilize third-party revenue cycle management providers to perform billing. Additionally, we have invested in several applications that provide the foundation for the day-to-day operations of our physician services business, including facilities-based billing and office-based billing.

Retroactive adjustments, recoupments or refund demands may change amounts realized from third-party payors. Retroactive adjustments to amounts previously reimbursed can and do occur on a regular basis as a result of reviews and audits. Additional factors that could complicate our physician services billing include:

- disputes between payors as to which party is responsible for payment;
- the difficulty of adherence to specific compliance requirements, diagnosis coding and various other procedures mandated by the government; and
- failure to obtain proper physician credentialing and documentation in order to bill governmental payors.

Contracts. We have contracts with (i) hospital and ASC customers to provide professional staffing and related management services, (ii) healthcare facilities and independent physician groups to provide management services and (iii) affiliated physician groups and medical professionals to provide management services and various benefits. As provider of multispecialty physician services with a national footprint, we also contract with large health systems.

We deliver services to our hospital customers and their patients through two principal types of contractual arrangements. We most frequently contract directly with the hospital to provide physician staffing and management services. In some instances, a physician-owned professional corporation (PC) contracts with the hospital to provide physician staffing and management services, and the PC, in turn, contracts with us for management and administrative services, including billing, scheduling support, accounting and other services. The PC pays our management fee from the fees it collects from patients, third-party payors and, in some cases, the hospital customer. Our physicians and other healthcare professionals who provide services under these hospital contracts do so pursuant to independent contractor or employment agreements with us, or pursuant to arrangements with the professional corporation that has a management agreement with us.

Generally, agreements with hospitals are awarded on a competitive basis with an initial term of three years subject to automatic one-year renewals, and allow for termination by either party upon specified notice. Pursuant to our agreements with hospital customers:

- we bill patients and third-party payors directly for physician fees,
- we bill patients and third-party payors directly for physician fees, with the hospital paying us an additional pre-arranged fee for our services, or
- we bill the hospitals directly for the physicians fees.

We bill patients and third-party payors for physician-related services, which is often referred to as the "professional component." Separately, hospitals and other allied health providers bill the same patients and third-party payors for services they provide, including medical equipment and diagnostic testing. In all cases, the hospitals are responsible for billing and collecting for non-physician related services as well as for providing the capital for medical equipment and supplies associated with the services we provide.

We contract with healthcare professionals as either independent contractors or employees to provide services to our customers. The healthcare professionals generally are paid an hourly rate for each hour of coverage, a variable rate based upon productivity or other objective criteria or a combination of both a fixed hourly rate and a variable rate component. We typically arrange for professional liability and workers compensation coverage for our healthcare professionals.

Contracts with healthcare professionals typically have one-year terms with automatic renewal clauses for additional one-year terms. The contracts can be terminated with cause for various reasons and usually contain provisions allowing for termination without cause by either party upon 90 days' notice. Agreements with physicians generally contain a non-compete or non-solicitation provision.

The following table summarizes our approximate payor mix as a percentage of net revenue and our approximate payor mix based on patient encounters for the periods indicated, assuming the Merger was completed on January 1, 2016.

	Percentage of Net Revenue Year Ended December 31,			Percentage of Total Volume Year Ended December 31,		
	2017	2016	2015	2017	2016	2015
Medicare	20%	20%	13%	33%	32%	36%
Medicaid	8	8	5	23	25	22
Commercial and managed care	55	54	71	31	30	33
Self-pay	2	1	1	13	13	9
Net fee for service revenue	85%	83%	90%	100%	100%	100%
Contract and other revenue	15	17	10			
Net revenue for physician services	100%	100%	100%			

Competition

The physician services segment is highly fragmented, and we consider our primary competitors to be local physician group practices. On a regional and national basis, we compete with companies such as Mednax Inc., Team Health, US Acute Care Solutions, U.S Anesthesia Partners, Fresenius, Schumacher Clinical Partners and California Emergency Physicians.

Physician Services Locations

As of December 31, 2017, we had contracts covering more than 1,800 clinical departments at healthcare facilities in 45 states and the District of Columbia. For the year ended December 31, 2017, Arizona, California, Florida, New Jersey and Texas accounted for approximately 62% of our physician services segment net revenue. We generally negotiate and enter into separate contracts with facilities to which we deliver physician services. However, many facilities are affiliated with one another or owned by the same entity. As a result, while no single facility represents more than 10% of our physician services segment revenue, there are several significant client relationships with groups of affiliated facilities that result in a concentration of revenue. During 2017, facilities affiliated with

HCA Holdings, Inc. comprised approximately 20% of our consolidated net revenue and approximately 24% of our physician services segment net revenue.

Ambulatory Services Segment

We are one of the largest owners and operators of ambulatory surgical centers (ASCs or surgery centers) in the United States based upon total number of facilities. We acquire, develop and operate ASCs in partnership with physicians and health systems. We generally own a majority interest, primarily 51%, in the facilities we operate. We also own minority interests in certain surgery centers in partnerships with leading health systems and physicians and intend to continue to pursue such partnerships. At December 31, 2017, we operated 264 ASCs in 35 states and the District of Columbia with approximately 2,000 physician partners and 1,000 affiliated physicians who utilize our surgery centers.

ASCs primarily provide elective, high volume, lower-risk surgical procedures across multiple specialties, including, among others, gastroenterology, ophthalmology, and orthopaedics. Our ASCs are designed with a cost structure that creates significant savings for patients and payors when compared to surgical services performed in hospital outpatient departments (HOPDs). We acquire, develop and operate ASCs through the formation of strategic partnerships with physicians to better serve the communities in the markets we serve. Since physicians are critical to the delivery of healthcare, we have developed our operating model to encourage physicians to affiliate with us. We believe we attract physicians because we design our facilities and adopt staffing, scheduling and clinical systems and protocols with the goal of increasing physician efficiency. We believe that our focus on physician satisfaction combined with providing safe, high-quality healthcare in a friendly and convenient environment for patients will continue to make our ASCs an attractive alternative to HOPDs for physicians, patients and payors. We believe our facilities, when compared to HOPDs, (i) enhance the quality of care for our patients, (ii) provide significant administrative, clinical and efficiency benefits to physicians, and (iii) offer a lower cost alternative for patients and payors.

The types of procedures performed at each surgery center depend on the specialty of the practicing physicians who use the surgery center. The procedures most commonly performed at our surgery centers are:

- gastroenterology - colonoscopy and other endoscopy procedures;
- ophthalmology - cataracts and retinal laser surgery; and
- orthopaedic - knee and shoulder arthroscopy and carpal tunnel repair.

The following table presents the number of our surgery centers by specialty and ambulatory services net revenue mix for the years ended December 31, 2017, 2016 and 2015.

	Specialty Count			Net Revenue Mix		
	2017	2016	2015	2017	2016	2015
Gastroenterology	162	155	151	51 %	51 %	52 %
Multispecialty	55	57	58	29	30	29
Ophthalmology	37	38	39	15	14	14
Orthopaedic	10	10	9	5	5	5
Total	264	260	257	100%	100%	100%

The following table presents certain information with respect to our ambulatory services segment for the years ended December 31, 2017, 2016 and 2015. An ASC is deemed to be under development when a limited liability company (LLC) or limited partnership (LP) has been formed with the physician partners to develop the ASC.

	2017	2016	2015
Procedures performed during the period at consolidated centers	1,715,595	1,721,399	1,729,262
Centers in operation, end of period (consolidated)	234	238	236
Centers in operation, end of period (unconsolidated)	30	22	21
Average number of continuing centers in operation (consolidated)	237	237	238
New centers added, during period	10	8	11
Centers merged into existing centers, during period	—	1	—
Centers disposed, during period	6	4	—
Surgical hospitals in operation, end of period (unconsolidated)	1	1	1
Centers under letter of intent, end of period	2	3	5
Average revenue per consolidated center (in thousands)	$ 5,392	$ 5,352	$ 5,168
Same center revenues increase, day adjusted (consolidated)	1.8%	4.3%	6.0%

Ambulatory Services Segment Overview

For many years, government programs, private insurance companies, managed care organizations and self-insured employers have implemented cost containment measures intended to limit the growth of healthcare expenditures. These cost-containment measures, together with technological advances, have contributed to the significant shift in the delivery of healthcare services away from traditional inpatient hospital settings to more cost-effective alternate sites, including ASCs. ASCs have been widely viewed as a successful way to increase efficiency by improving the quality of, and access to, healthcare and increasing patient satisfaction, while simultaneously reducing costs. According to data issued by the Centers for Medicare and Medicaid Services (CMS) in 2017, there were approximately 5,500 Medicare-certified ASCs. We believe that approximately 66% of those ASCs performed procedures in a single specialty and approximately 34% performed procedures in more than one specialty (multispecialty). Among the single specialty ASCs, we believe over 2,400 are in our preferred specialties of gastroenterology, ophthalmology, orthopaedic, ear, nose and throat (ENT) and urology, while the remainder are in specialties such as plastic surgery, podiatry and pain management. Of our preferred specialties, we believe approximately 67% of single specialty ASCs and 27% of multispecialty ASCs are independently owned.

We believe the following factors have contributed to the increased migration of procedures to outpatient surgical facilities:

Cost-effective alternative. Ambulatory surgery is generally less expensive than hospital-based surgery for a number of reasons, including lower facility development costs, more efficient staffing and space utilization, and a specialized operating environment focused on cost containment. Accordingly, charges to patients and payors by ASCs are generally less than hospital charges.

Physician and patient preference. We believe many physicians prefer ASCs because these facilities enhance physicians' productivity by providing them with greater scheduling flexibility, more consistent nurse staffing and faster turnaround time between cases, allowing them to perform more surgeries in a defined period of time. In contrast, HOPDs generally serve a broader group of physicians, including those involved with emergency procedures, which can result in postponed or delayed surgeries for non-emergency procedures. Many patients prefer ASCs as a result of more convenient locations, shorter waiting times and more convenient scheduling and registration than HOPDs.

Ambulatory Services Strategy

We are a leader in the acquisition, development and operation of ASCs. The key components of our strategy are to:

- attract and retain physicians that are leaders in their specialty and community;
- increase same-center revenues and profitability at our existing surgery centers;
- expand our national network of ASCs by selectively acquiring both single-specialty ASCs and multispecialty ASCs, and developing new ASCs in partnership with physicians and health systems; and
- pursue the acquisition of companies that own and operate multiple ASCs.

Attract and retain physicians that are leaders in their specialty and community. We typically structure partnerships with physicians in a 51% / 49% ownership relationship, whereby we are the majority member and provide management and administrative services to our partners. We believe our focus on physician satisfaction, combined with providing safe, high-quality healthcare in a patient friendly and convenient environment helps us attract and retain physician partners.

Increase same-center revenue growth. We grow revenues in our existing surgery centers primarily through increasing procedure volume by (i) increasing the number of physicians performing procedures at our ASCs, (ii) marketing our ASCs to referring physicians, payors and patients, and (iii) achieving efficiencies in center operations. For the year ended December 31, 2017, we achieved same-center revenue growth of 1.8%.

Growth in the number of physicians performing procedures. The most effective way to increase procedure volume and revenues at our ASCs is to increase the number of physicians who use our ASCs through:

- the physicians affiliated with the ASCs recruiting new physicians to their practices;
- identifying additional physicians to join the partnerships that own the ASCs; and
- recruiting non-partner physicians in the same or other specialties to use the ASCs.

Marketing our ASCs to referring physicians, payors and patients. We market our ASCs to referring physicians and payors by emphasizing the quality, high patient satisfaction and lower cost at our ASCs, including through programs designed to educate employers and patients as to the health and cost benefits of our services. We have a dedicated business development team that is responsible for negotiating contracts on behalf of our ASCs with third-party payors and negotiating reimbursement rates pursuant to existing contracts.

Achieving efficiencies in center operations. We have dedicated teams with business and clinical expertise that are responsible for implementing best practices within our ASCs. The implementation of these best practices allows the ASCs to improve operating efficiencies through:

- physician scheduling enhancements;
- improved patient flow; and
- improved operating room turnover.

We enhance the profitability of our ASCs through benefits we receive from economies of scale such as group purchasing, staffing and clinical efficiencies and cost containment initiatives. We also track center performance relative to certain benchmarks in order to maximize center-level revenues and profitability. The information we gather and collect from our ASCs and ambulatory services segment operations team members allows us to develop best practices and identify those ASCs that could most benefit from improved operating efficiency techniques and cost containment measures.

Expand our national network of ASCs. While we have historically been an active acquirer of ASCs, the market remains fragmented, providing many opportunities for additional acquisitions. We target ownership in single-specialty ASCs that perform gastrointestinal endoscopy, ophthalmology and orthopaedic procedures, as well as multispecialty ASCs that are equipped and staffed to perform surgical procedures in more than one specialty. As of December 31, 2017, approximately 66% of our ambulatory services segment revenues were from single-specialty ASCs that perform gastroenterology or ophthalmology procedures. These specialties have a higher concentration of older patients than other specialties, such as orthopaedics or ENT. We will also pursue the acquisition of companies that own and operate multiple ASCs when those opportunities arise.

We also plan to continue expanding our network of ASCs through partnerships with hospitals and hospital systems. As a result of recent healthcare trends, many hospitals and hospital systems are seeking to enter or improve their operations within the ASC market in order to offer a complete continuum of care as well as to establish better relationships with physicians who have a need to operate in both in-patient and out-patient environments. As a result of our deep experience in ASC operations, we believe the relationships we have established with hospitals and hospital-owned entities bring both quality and efficiency to such relationships.

We typically look to acquire ASCs that meet the following criteria:

- *Diversified physician group:* ASCs that have eight to ten (or more) physicians. In order to manage succession planning, we look to acquire ASCs where physicians vary in age in order to limit the risk of several physicians exiting the practice in a short period of time.
- *Market leader:* ASCs that are market leaders for the procedures performed in that facility.
- *Contracts with payors:* ASCs that contract with all or most of the major commercial payors in their market.
- *History of growth:* ASCs with a track record of consistent case and revenue growth.

The development staff of our ambulatory services segment identifies existing ASCs that are potential acquisition candidates and physicians who are potential partners for new center development and conducts a review of all aspects of the surgery center's operations.

In presenting to physicians the advantages of developing a new ASC in partnership with us, our development staff emphasizes the proximity of a surgery center to a physician's office, the simplified administrative procedures, the ability to schedule consecutive cases without preemption by inpatient or emergency procedures, the rapid turnaround time between cases, the high technical competency of the center's clinical staff and the state-of-the-art surgical equipment. We also focus on our expertise in developing and operating ASCs, including contracting with vendors and third-party payors. In a development project, we provide services, such as financial feasibility pro forma analysis, site selection, financing for construction, equipment and build out and architectural oversight. Capital contributed by the physicians and our company plus debt financing provides the funds necessary to construct and equip a new surgery center and initial working capital.

As part of each surgery center acquisition or development transaction, we generally form an LLC or LP, which are referred to herein as "partnerships," where certain states require such a model and enter into an operating agreement or a LP agreement with our physician partners. We generally own 51% of the partnerships. Under these agreements, we receive a percentage of the net income and cash distributions of the entity equal to our percentage ownership interest in the entity and have the right to the same percentage of the proceeds upon a sale or liquidation of the entity. In the LP structure, as the sole general partner, one of our affiliates is generally liable for the debts of the LP. However, the physician partners are generally required to guarantee their pro rata share of any indebtedness or lease agreements to which the limited partnership is a party in proportion to their ownership interest in the LP.

Except in limited instances, we manage each partnership and oversee the business office, contracting, marketing, financial reporting, accreditation, clinical, regulatory and administrative operations of the surgery center. The physician partners provide the center with a medical director and performance improvement chairman and may provide certain other specified services such as billing and collections, transcription and accounts payable processing. In addition, the partnership may lease the services of certain non-physician personnel from entities affiliated with the physician partners, who will provide services at the center. Certain significant aspects of the partnership's governance are overseen by an operating board, which is typically comprised of equal representation by us and our physician partners. We work closely with our physician partners to increase the likelihood of a successful partnership.

Under many of our agreements with physician partners of our surgery centers, we are obligated to purchase the interests of the physicians at an amount as specified in the limited partnership and operating agreements in the event that their continued ownership of interests in the limited partnerships and limited liability companies becomes prohibited. The determination of such a prohibition generally is required to be made by our counsel in concurrence with counsel of the physician partners or, if they cannot concur, by a nationally recognized law firm with expertise in healthcare law jointly selected by us and the physician partners. The interest we are required to purchase will not exceed the minimum interest required as a result of the change in the law or regulation causing such prohibition.

Ambulatory Services Revenues

Revenues from our ASCs are derived from facility fees charged for surgical procedures performed and, at certain of our surgery centers (primarily ASCs that perform gastrointestinal endoscopy procedures), charges for anesthesia services provided by medical professionals employed or contracted by our ASCs. These fees vary depending on the procedure, but usually include all charges for operating room usage, special equipment usage, supplies, recovery room usage, nursing staff and medications. Facility fees do not include professional fees charged by the physicians who perform the surgical procedures. Revenues are recorded at the time of the patient encounter and billings for such procedures are made on or about that same date. At the majority of our surgery centers, it is our policy to collect patient co-payments and deductibles at the time the surgery is performed. Our revenues are recorded net of estimated contractual adjustments from third-party medical service payors.

ASCs depend upon third-party reimbursement programs, including governmental and private insurance programs, to pay for substantially all of the services rendered to patients. During 2017, we derived approximately 27% of our ambulatory services segment revenue from governmental healthcare programs, primarily Medicare and managed Medicare programs, and the remainder from a wide mix of commercial payors and patient co-pays and deductibles. The Medicare program currently pays ASCs in accordance with a predetermined fee schedule. Our surgery centers are not required to file cost reports and, accordingly, we have no unsettled amounts from governmental third-party payors.

In addition to payment from governmental programs, ASCs derive a significant portion of their revenues from private health insurance plans. These plans include both standard indemnity insurance programs as well as managed care programs, such as preferred provider organizations and HMOs. The strengthening and consolidation of managed care systems nationally has resulted in increased competition among providers of surgery center services that contract with these systems. Further, most of the plans offered through the health insurance exchanges created by the Health Reform Law provide for narrow networks that restrict the number of participating providers or tiered networks that impose significantly higher cost sharing obligations on patients who obtain services from providers in a disfavored tier. Exclusion from participation in a managed care network or assignment to a disfavored tier could result in material reductions in patient volume and revenues of our ambulatory services segment. Some of our competitors may have greater financial resources and market penetration than we do. We believe that all payors, both governmental and private and certain other industry participants, such as large employer groups and their affiliates, will continue their efforts over the next several years to reduce healthcare costs and that these efforts will generally result in a less stable market for healthcare services. While no assurances can be given concerning the ultimate success of our efforts to contract with healthcare payors, we believe that our position as a lower-cost alternative for certain surgical procedures should enable our surgery centers to compete effectively in the evolving healthcare marketplace.

Competition

We consider our primary competitors to be regional and national ASC providers, including hospitals and health systems, such as United Surgical Partners, Inc., Surgical Care Affiliates and Surgery Partners. We also compete with national, regional and local hospital systems for the development of new surgery centers.

Accreditation

We believe that undergoing and maintaining voluntary accreditation signifies our commitment to quality. Managed care organizations in certain markets will only contract with a facility that is accredited by either the Accreditation Association for Ambulatory Health Care (AAAHC) or The Joint Commission. Substantially all of our ASCs are accredited by AAAHC or The Joint Commission and have received three-year certifications.

Ambulatory Services Locations

At December 31, 2017, we operated 264 ASCs in 35 states and the District of Columbia. The size of our typical single-specialty ASC is approximately 6,000 to 10,000 square feet. The size of our typical multispecialty ASC is approximately 10,000 to 14,000 square feet. Each center typically has two to three operating or procedure rooms with areas for reception, preparation, recovery and administration and is specifically tailored to meet the needs of its physician partners.

Medical Transportation

On August 7, 2017, we entered into a definitive agreement to divest our medical transportation business, AMR, to an entity controlled by funds affiliated with Kohlberg Kravis Roberts & Co. As a result, our medical transportation business has been classified as discontinued operations and is no longer a separate reportable segment. We expect to complete the divestiture of AMR during the first quarter of 2018. AMR is the largest ambulance provider in the nation and a leading provider of other medical transportation services in the United States. Ambulance services encompass both "911" emergency response and non-emergency transport services, including critical care transfers, wheelchair transports and other inter-facility transports. Emergency response services include the dispatch of ambulances equipped with life support equipment and staffed with paramedics and/or emergency medical technicians (EMTs) to provide immediate medical care to injured or ill patients. Non-emergency services utilize paramedics, EMTs and/or nurses to transport patients between healthcare facilities or between facilities and patient residences.

AMR provides substantially all of its medical transportation services under its American Medical Response (AMR) brand name. AMR operates under other names when required to do so by local statute or contractual agreement. AMR's broad geographic footprint enables it to contract on a national and regional basis with insurance companies, healthcare facilities and government agencies.

A significant portion of AMR's medical transportation business net revenue was generated from emergency "911" ambulance services. These services include treating and stabilizing patients, transporting the patient to a hospital or other healthcare facility and providing attendant medical care en route. Non-emergency ambulance services revenues included critical care transfers, wheelchair transports and other inter-facility transports, with the remaining balance of net revenue was generated from managed transportation services, fixed-wing air ambulance services and the provision of training, dispatch and other services to communities and public safety agencies including services provided to the Federal Emergency Management Agency (FEMA). AMR has a national contract with FEMA to provide ambulance and para-transit services, as well as rotary and fixed-wing air ambulance transportation services to supplement federal and military responses to disasters, acts of terrorism and other public health emergencies in the full 48 contiguous states.

Medical Transportation Overview

AMR provides a full range of emergency and non-emergency ambulance transport and related services, which include:

"911" Response Services

AMR provides emergency response services primarily under long-term exclusive contracts with communities and hospitals. AMR's contracts typically stipulate that it must respond to "911" calls in the designated area within a specified response time. AMR utilizes two types of ambulance units: Advanced Life Support (ALS) units and Basic Life Support (BLS) units. ALS units, which are staffed by two paramedics or one paramedic and an EMT, are equipped with high-acuity life support equipment such as cardiac monitors, defibrillators and oxygen delivery systems, and carry pharmaceutical and medical supplies. BLS units are generally staffed by two EMTs and are outfitted with medical supplies and equipment necessary to administer first aid and basic medical treatment. The decision to dispatch an ALS or BLS unit is determined by contractual requirements, as well as by the nature of the patient's medical situation. Exclusive "911" contracts with communities and government agencies typically specify maximum fees a provider may charge and set forth minimum requirements, such as response times, staffing levels, types of vehicles and equipment, quality assurance and insurance coverage. The rates that a provider is permitted to charge for services under a contract for "911" emergency ambulance services and the amount of the subsidy, if any, the provider receives from a community or government agency depend in large part on the nature of the services it provides, the payor mix and the performance requirements.

Non-Emergency Medical Transportation Services

We provide transportation to patients requiring ambulance or wheelchair transport with varying degrees of medical care needs between healthcare facilities or between healthcare facilities and their homes. Unlike emergency response services, which typically are provided by communities or private providers under exclusive or semi-exclusive contracts, non-emergency transportation usually involves multiple contract providers at a given facility, with one or more of the competitors designated as the "preferred" provider. Non-emergency transport business generally is awarded by a healthcare facility, such as a hospital or nursing home, or a healthcare payor, such as a health maintenance organization (HMO), managed care organization or insurance company. Usage tends to be controlled by the facility discharge planners, nurses and physicians who are responsible for requesting transport services. Non-emergency services are provided primarily by private ambulance companies. Non-emergency medical transportation services include: (i) inter-facility critical care transport, (ii) wheelchair and stretcher-car transports and (iii) other inter-facility transports.

Other Services

In addition to "911" emergency and non-emergency ambulance services, AMR provides the following managed transportation services, dispatch services, event medical services, paramedic training, fixed-wing air ambulance services, community paramedic, on-site and offshore EMS, and industrial and community fire protection services.

Medical Transportation Revenues

AMR receive payment from the following sources:

- federal and state governments, primarily under the Medicare and Medicaid programs;
- HMOs and private insurers;
- individual patients;
- fees for stand-by and event driven coverage, including from its national contract with FEMA; and
- community subsidies.

Emergency transport. Contracts with communities to provide emergency transport services are typically exclusive, with terms of three to five years in length and generally are obtained through a competitive bidding process. In some instances where AMR is the existing provider, communities elect to renegotiate existing contracts rather than initiate new bidding processes. "911" contracts often contain options for earned extensions or evergreen provisions. AMR's "911" emergency response arrangements typically specify maximum fees AMR may charge and set forth minimum requirements, such as response times, staffing levels, types of vehicles and equipment, quality assurance and insurance coverage. Communities and government agencies may also require us to provide a performance bond or other assurances of financial responsibility. The rates AMR is permitted to charge for services under a contract for emergency ambulance services and the amount of the subsidy, if any, received from a community or government agency depend in large part on the nature of the services AMR provides, payor mix and performance requirements.

Non-emergency transport. AMR has arrangements to provide non-emergency ambulance services with hospitals, nursing homes and other healthcare facilities that require a stable and reliable source of medical transportation for their patients. These contracts typically designate AMR as the preferred ambulance service provider of non-emergency ambulance services to those facilities and permits AMR to charge a base fee, mileage reimbursement and additional fees for the use of particular medical equipment and supplies. AMR has historically provided a portion of its non-emergency transports to facilities and organizations in competitive markets without specific contracts.

Non-emergency transports often are provided to managed care or insurance plan members who are stabilized at the closest available hospital and are then moved to facilities within their health plan's network. We believe the increased prevalence of managed care benefits larger ambulance service providers, which can service a higher percentage of a managed care provider's members. This allows the managed care provider to reduce its number of vendors, thus reducing administrative costs and allowing it to negotiate more favorable rates with healthcare facilities. AMR's scale and broad geographic footprint enable contracting on a national and regional basis with managed care and insurance companies. We believe that communities, government agencies, healthcare facilities, managed care companies and insurers consider the quality of care, historical response time performance and total cost to be among the most important factors in awarding and renewing contracts.

Competition

Competition in the ambulance transport market is based primarily on:

- the ability to improve customer service, such as on-time performance and efficient call intake;
- the ability to provide comprehensive clinical care;
- the ability to recruit, train and motivate employees, particularly ambulance crews who have direct contact with patients and healthcare personnel; and
- pricing, billing and reimbursement expertise.

AMR's predominant competitors are local fire departments and other local government providers. Larger private provider competitors include Falck, a Danish corporation with a significant U.S. presence, Acadian Ambulance Service in Louisiana and Paramedics Plus. Small, locally-owned operators principally serve the inter-facility transport market.

Medical Personnel

Paramedics and EMTs must be state-certified and locally credentialed to transport patients and perform emergency care services. Certification as an EMT typically requires completion of a program designated by the U.S. Department of Transportation, such as those offered at AMR's training institute, NCTI. In addition, specialized courses may be completed to target specific patient populations, such as pediatrics, geriatrics, trauma and burns. In most communities, the local physician medical director, often in conjunction with a physician advisory board, develops medical protocols to be followed by paramedics and EMTs in a service area. In addition, real-time instructions are conveyed on a case-by-case basis through direct communications between the ambulance crew and hospital emergency physicians. This consultation allows for more comprehensive evaluation and treatment of difficult cases. Like physicians, both paramedics and EMTs must complete continuing education programs and, in some cases, state supervised refresher training and/or examinations to maintain their certifications.

Medical Transportation Locations

During 2017, AMR provided services in 41 states and the District of Columbia. Its broad geographic footprint enables AMR to contract on a national and regional basis with insurance companies, healthcare facilities and government agencies.

Government Regulation

Our operations and relationships with healthcare providers such as hospitals, ASCs and other healthcare facilities and healthcare professionals are subject to extensive regulation by numerous federal and state government entities as well as local government agencies. Specifically, but without limitation, we are subject to the following types of laws and regulations.

Health Reform. In recent years, the U.S. Congress and certain state governments have enacted a number of measures designed to effect major change across healthcare services. Most prominent among these efforts, the Health Reform Law contains a number of provisions designed to reduce Medicare program spending, including an annual productivity adjustment that reduces payment updates to ASCs and various initiatives that may reduce payments for physician services. The Health Reform Law also expanded coverage of previously uninsured individuals through a combination of public program expansion and private sector health insurance reforms. We believe the Health Reform Law has generally resulted in increased volume at facilities at which we provide physician services and at our surgery centers. Certain provisions of the Health Reform Law, including those promoting Accountable Care Organizations (ACOs) and other coordinated care models, may make it more difficult to compete for patients, negatively impacting our surgery centers, physician practices and health facilities we partner with. Additionally, within our physician services segment, we derive a significant portion of our revenue from payments made by government healthcare programs, including Medicare and Medicaid. CMS has implemented, or is implementing, a number of programs and requirements intended to transform Medicare from a passive volume-based payment system to an active purchaser of quality goods and services. These efforts directly impact hospitals, among other providers and may also affect the level of utilization of and payments received for our physician services.

Leaders in both the executive and legislative branches of government have stated their intention to repeal, replace, or significantly modify the Health Reform Law, its implementation or its interpretation. In 2017, Congress eliminated the financial penalty associated with the individual mandate, effective January 2019. In addition, the President signed an executive order directing federal agencies to take actions to minimize the "economic and regulatory burdens" of the Health Reform Law. The impact of efforts to repeal, replace or modify the Health Reform Law, or other efforts to reform healthcare delivery or financial systems, may materially adversely impact our business. Because of the many variables involved, including uncertainties surrounding any future legislative or administrative action to repeal, replace or significantly modify the Health Reform Law, we are unable to predict the net effect of the Health Reform Law.

Licensure and certification. In order to receive Medicare reimbursement, we must meet applicable conditions for coverage set forth by the Department of Health and Human Services (HHS) for the facility and service type and also comply with state and local laws and regulations, all of which are subject to change from time to time. Each of our existing surgery centers are certified as Medicare providers or suppliers. Our ASC services are subject to periodic Medicare certification surveys. Additional licensure, certification, or accreditation requirements may apply. For example, state licensing of ASCs is required to operate of each of our surgery centers and to participate in federally-funded programs, such as Medicare and Medicaid. Our facilities are also subject to federal, state and local laws addressing issues such as occupational safety, employment, medical leave, insurance regulations, civil rights and discrimination and medical waste and other environmental issues.

Our affiliated physicians participate in Medicare. In addition, every state imposes licensing requirements on individual physicians, and many states impose licensing requirements on facilities and services operated and owned by physicians. Certain non-physician practitioners, including physician assistants and nurse practitioners (sometimes referred to as "midlevel practitioners"), may also enroll in Medicare and are required to be licensed. Further, our other healthcare professionals may also be subject to other licensure, certification, or accreditation requirements. There can be no assurance that our physicians and non-physician practitioners will continue to qualify for participation, to the extent applicable, or meet licensure standards.

In some states, a certificate of need (CON) process controls the development of certain facilities and services, such as ASCs. CON statutes and regulations generally provide that, prior to the expansion of existing surgery centers, the construction of new healthcare facilities, the acquisition of major items of equipment or the introduction of certain new services, approval must be obtained from the designated state health planning agency. Approval is conditioned on the designated state health planning agency's determination that a need exists for expanded or additional facilities or services. Our ASC development strategy focuses on states that do not require a CON. Acquisitions of existing surgery centers usually do not require CON approval.

Billing and reimbursement compliance. Billing and reimbursement rules are complex, change frequently and may vary depending on the source of payment. For example, Medicare and other payors generally only cover services determined to be medically necessary. Providers must carefully bill for and document services provided to ensure accurate coding, including use of the correct ICD-10 code and comply with supervision requirements when billing for services provided by midlevel practitioners.

When our services are covered by multiple payors, financial responsibility is to be allocated among the payors in a process known as coordination of benefits (COB). The rules governing COB are complex, particularly when one of the payors is Medicare or another government program. Under these rules, in some cases, the government payor can be billed as a "secondary payor" only after recourse to a primary payor (e.g., a liability insurer) has been exhausted. If multiple payors reimburse us an amount which, in the aggregate, exceeds the amount to which we are entitled, we are obligated to process a refund.

In the event any of our billing and collection practices violate applicable laws, regulations, and other guidance, we could be subject to penalties, refund demands and recoupments. When the federal government covers items or services, federal fraud and abuse laws also apply. Further, to the extent that the complexity associated with billing for our services causes delays in our cash collections, we assume the financial risk of increased carrying costs associated with the aging of our accounts receivable as well as increased potential for bad debts which could have a material adverse effect on our revenue, provision for uncompensated care and cash flow.

Fraud and Abuse Provisions

Federal Anti-Kickback Statute. The federal Anti-Kickback Statute prohibits healthcare providers and others from knowingly and willfully soliciting, receiving, offering or paying, directly or indirectly, any remuneration (including any kickback, bribe or rebate) in return for, or to induce, referrals or orders for services or items covered by a federal healthcare program. The federal Anti-Kickback Statute is very broad in scope, and many of its provisions have not been uniformly or definitively interpreted by case law or regulations. Courts have found a violation of the federal Anti-Kickback Statute if just one purpose of the remuneration is to generate referrals, even if there are other lawful purposes. Furthermore, knowledge of the law or intent to violate the law is not required to establish a violation of the federal Anti-Kickback Statute.

Violations may result in criminal penalties or fines of up to $100,000, imprisonment for up to five years, and substantial civil penalties for each violation, plus three times the amount claimed. Civil monetary penalties, including those for violations of the federal Anti-Kickback Statute and those imposed under the FCA, are adjusted annually based on updates to the Consumer Price Index and were recently increased under the Bipartisan Budget Act of 2018. In addition, violations may result in exclusion from participation in the Medicare and Medicaid programs. Exclusion from these programs would result in significant reduction in revenues and would have a material adverse effect on our business. The Health Reform Law provides that submission of a claim for services or items generated in violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim and may be subject to additional penalties under the federal False Claims Act (FCA).

Congress and HHS have published safe harbors that outline categories of activities that are deemed protected from prosecution under the federal Anti-Kickback Statute. Failure to meet the requirements of a safe harbor does not necessarily render the conduct or business arrangement illegal under the federal Anti-Kickback Statute. However, such conduct and business arrangements may lead to increased scrutiny by governmental enforcement authorities. The limited partnerships and limited liability companies that own our surgery centers do not meet all of the criteria of a safe harbor. However, we believe that our surgery centers and the related limited partnerships and limited liability companies are in compliance with the current requirements of applicable federal and state law because, among other factors:

- the limited partnerships and limited liability companies exist to effect legitimate business purposes, including the provision of high quality, cost-effective and efficient services to the patients served;

- the limited partnerships and limited liability companies function as an extension of the practices of physicians who are affiliated with the surgery centers and the surgical procedures are performed personally by these physicians without referring the patients outside of their practice;
- our physician partners have a substantial investment at risk in the limited partnerships and limited liability companies;
- terms of the investment do not take into account the volume of the physician partners' past or anticipated future services provided to patients of the surgery centers;
- the physician partners are not required or encouraged as a condition of the investment to treat Medicare or Medicaid patients at the surgery centers or to influence others to refer such patients to the surgery centers for treatment;
- the limited partnerships, the limited liability companies, our subsidiaries and our affiliates do not loan any funds to or guarantee any debt on behalf of the physician partners with respect to their investment; and
- distributions by the limited partnerships and limited liability companies are allocated uniformly in proportion to ownership interests.

The safe harbor regulations also set forth a safe harbor for personal services and management contracts. Certain of our limited partnerships and limited liability companies have entered into ancillary services agreements with our physician partners' group practices, pursuant to which the practice may provide the center with billing and collections, transcription, payables processing, payroll and other ancillary services. The consideration payable by a limited partnership or limited liability company for certain of these services may be based on the volume of services provided by the practice, which is measured by the limited partnership's or limited liability company's revenues. Although these relationships do not meet all of the criteria of the personal services and management contracts safe harbor, we believe that the ancillary services agreements are in compliance with the current requirements of applicable federal and state law because, among other factors, we believe the fees payable to the physician practices are equal to the fair market value of the services provided.

The HHS Office of Inspector General (OIG) is authorized to issue advisory opinions regarding the interpretation and applicability of the federal Anti-Kickback Statute, including whether an activity constitutes grounds for the imposition of civil or criminal sanctions. Although advisory opinions are not binding on any entity other than the parties who submitted the requests, advisory opinions provide some guidance as to how the OIG would analyze a particular arrangement. The OIG has issued advisory opinions in which it concluded that proposed arrangements between anesthesia groups and facilities, including, physician-owned ASCs could result in prohibited remuneration under the federal Anti-Kickback Statute. Certain of our limited partnerships and limited liability companies have entered into certain arrangements for professional services, including arrangements for anesthesia services. We believe our arrangements for anesthesia services can be differentiated from those described in the negative OIG advisory opinions and are in compliance with the requirements of the federal Anti-Kickback Statute.

In connection with our physician services business, we have a variety of financial relationships with physicians, hospitals, ASCs, and other healthcare services, including joint venture arrangements. These financial relationships do not meet all of the criteria of the personal services and management contracts safe harbor, but we believe that the arrangements are in compliance with the current requirements of applicable federal and state law because, among other factors, we believe the fees payable under the arrangements are consistent with fair market value of the services provided.

Prohibition on certain self-referrals and physician ownership of healthcare facilities. The federal physician self-referral law, commonly referred to as the Stark Law, prohibits a physician from making a referral for a designated health service to an entity if the physician or a member of the physician's immediate family has a financial relationship with the entity, unless an exception applies. Sanctions for violating the Stark Law include denial of payment, refunding amounts received for services provided pursuant to prohibited referrals, substantial civil money penalties per prohibited service provided and a separate penalty for a circumvention scheme. These penalties are adjusted annually based on updates to the Consumer Price Index. In addition, violations may result in exclusion from participation in the Medicare and Medicaid programs. Exclusion of our surgery centers or physician groups from these programs could result in significant loss of revenues and could have a material adverse effect on us. Further, failure to refund amounts received as a result of a prohibited referral on a timely basis may constitute a false or fraudulent claim and may result in civil penalties and additional penalties under the FCA. The Stark Law applies to referrals involving the following services under the definition of "designated health services": clinical laboratory services; physical therapy services; occupational therapy services; radiology and imaging services; radiation therapy services and supplies; durable medical equipment and supplies; parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. CMS has issued final regulations interpreting the Stark Law that help clarify the requirements of the exceptions to the Stark Law, but it is difficult to determine how the government will interpret many of these exceptions for enforcement purposes.

A number of provisions of the Stark Law implementing regulations limit how the Stark Law affects ASCs. Under these regulations, services that would otherwise constitute a designated health service, but that are paid by Medicare as a part of the surgery center payment rate, are not a designated health service for purposes of the Stark Law. The so-called ASC exemption to the Stark Law also applies to any radiology and imaging procedures that are integral to a covered ASC surgical procedure and that are performed immediately before, during, or immediately following the surgical procedure (that is, on the same day). Similarly, CMS has excluded from the Stark Law definition of "outpatient prescription drugs" any drugs that are integral to an ASC procedure and are "covered as ancillary services" under the revised ASC payment system. The Stark Law continues to prohibit a physician-owned ASC from furnishing outpatient prescription drugs for use in a patient's home. In addition, there is a Stark Law exception covering implants, prosthetics, implanted prosthetic devices and implanted durable medical equipment provided in a surgery center setting under certain circumstances. Because of these exemptions, we believe the Stark Law does not prohibit physician ownership or investment interests in our surgery centers to which they refer patients.

With respect to our physician services business, we contract with hospitals and other providers of designated health services. Our physician practices also provide services, such as imaging and laboratory services, that constitute designated health services. Thus, we are required to structure our financial relationships involving providers of designated health services in a manner that complies with a Stark Law exception. There are a number of exceptions that may apply to our physician services business, including the exceptions for bona fide employment relationships, indirect compensation arrangements and in-office ancillary services. We attempt to structure our relationships to meet an exception to the Stark Law when required, but the regulations implementing the exceptions are detailed and complex, and we cannot guarantee that every relationship complies fully with the Stark Law.

Several states in which we operate have self-referral statutes similar to the Stark Law. Often these state laws are broad in scope and apply regardless of the source of payment for care. Little precedent exists for the interpretation or enforcement of these state laws. We believe that physician ownership of surgery centers is not prohibited by any of these state self-referral statutes. We can give no assurances that further judicial or agency interpretations of existing federal or state laws or further legislative restrictions on physician ownership or investment in, or financial relationships with, healthcare entities will not be issued that could have a material adverse effect on us.

The Federal False Claims Act and similar federal and state laws. We are subject to state and federal laws that govern the submission of claims for reimbursement. One of the most prominent of these laws is the federal FCA, which prohibits an individual or entity from knowingly and willfully presenting a claim (or causing a claim to be presented) that is false or fraudulent for payment from the government, including the Medicare and Medicaid programs and the health insurance exchanges created under the Health Reform Law, if those payments include any federal funds. The standard for "knowing and willful" often includes conduct that amounts to a reckless disregard for whether accurate information is presented by claims processors. There are many potential bases for liability under the FCA, including knowingly and improperly avoiding repayment of an overpayment received from the government and the knowing failure to report and return an overpayment within 60 days of identifying the overpayment. The government may use the FCA to prosecute Medicare and other government program fraud in areas such as coding errors, billing for services not provided and submitting false cost reports. Violations of other statutes, such as the federal Anti-Kickback Statute, can serve as a basis for liability under the FCA.

The FCA may be enforced by the federal government directly, or by a qui tam plaintiff (or whistleblower) on the government's behalf. When a private plaintiff brings a qui tam action under the FCA, the defendant often will not be made aware of the lawsuit until the government commences its own investigation or makes a determination whether it will intervene. When a defendant is determined by a court of law to be liable under the FCA, the defendant may be required to pay three times the amount of the alleged false claim, plus substantial mandatory civil penalties for each separate false claim. These penalties are adjusted annually based on updates to the Consumer Price Index. A private plaintiff who brings a qui tam lawsuit may receive a share of any settlement or judgment.

Every entity that receives at least $5.0 million annually in Medicaid payments must have written policies for all employees, contractors or agents, providing detailed information about false claims, false statements and whistleblower protections under certain federal laws, including the federal FCA, and similar state laws. A number of states, including states in which we operate, have adopted their own false claims provisions as well as their own qui tam provisions whereby a private party may file a civil lawsuit in state court. States that enact false claims laws that are comparable to the federal FCA are entitled to an increased share of FCA recoveries.

We believe that we have procedures in place to ensure the accurate completion of claims forms and requests for payment. However, the laws and regulations defining proper Medicare or Medicaid billing are complex and have not been subjected to extensive judicial or agency interpretation. Billing errors can occur despite our best efforts to prevent or correct them, and we cannot assure you that the government will regard such errors as inadvertent and not in violation of the FCA or related statutes.

Other fraud and abuse laws. In addition to the laws described above, various other laws and regulations prohibit fraud and abuse in the health care industry and provide for significant penalties. For example, the knowing and willful defrauding of, or attempt to defraud, a healthcare benefit program, including both governmental and private healthcare programs and plans, may result in criminal penalties. Further, the payment of inducements to Medicare and Medicaid beneficiaries in order to influence those beneficiaries to order or receive services from a particular provider or practitioner may result in civil penalties. Federal enforcement officials have numerous enforcement mechanisms to combat fraud and abuse, including an incentive program under which individuals can receive up to $1,000 for providing information on Medicare fraud and abuse that leads to the recovery of at least $100 of Medicare funds. In addition, federal enforcement officials have the ability to exclude from Medicare and Medicaid any investors, officers and managing employees associated with business entities that have committed healthcare fraud. Evolving interpretations or enforcement of current, or the adoption of new, federal or state laws or regulations could affect many of our arrangements. Law enforcement authorities, including the OIG, are increasing their scrutiny of arrangements between healthcare providers and potential referral sources to ensure that the arrangements are not designed as a mechanism to exchange remuneration for patient care referrals or opportunities. Investigators have demonstrated a willingness to look behind the formalities of a business transaction to determine the underlying purposes of payments between healthcare providers and potential referral sources.

Healthcare investigations. Both federal and state government agencies have heightened and coordinated civil and criminal enforcement efforts as part of numerous ongoing investigations of healthcare companies, as well as their executives and managers. These investigations relate to a wide variety of topics, including referral relationships and billing practices. The Health Reform Law includes additional federal funding of $350 million over 10 years to fight healthcare fraud, waste and abuse, which includes $10 million for federal fiscal year (FFY) 2018. From time to time, the OIG and the Department of Justice have established national enforcement initiatives that focus on specific billing practices or other suspected areas of abuse. Some of our activities could become the subject of governmental investigations or inquiries. For example, we have significant Medicare billings and we have joint venture arrangements involving physician investors. In addition, our executives and managers, many of whom have worked at other healthcare companies that are or may become the subject of federal and state investigations and private litigation, could be included in governmental investigations or named as defendants in private litigation. We are not aware of any current governmental investigations involving any of our facilities, our executives or our managers. A future adverse investigation of us, our executives or our managers, even if it does not result in a determination of a liability, could result in significant expense to us, as well as adverse publicity.

Privacy and security requirements. There are currently numerous legislative and regulatory initiatives at the state and federal levels addressing the privacy and security of patient health and other identifying information. The privacy and security regulations promulgated pursuant to HIPAA extensively regulate the use and disclosure of individually identifiable protected health information and require "covered entities," including healthcare providers, to implement administrative, physical and technical safeguards to protect the security of such information. Violations of the regulations may result in criminal penalties and substantial civil penalties. These penalties are adjusted annually based on updates to the Consumer Price Index. HHS enforces HIPAA and is required to perform compliance audits. State attorneys general are also authorized to bring civil actions seeking either injunction or damages in response to violations of HIPAA privacy and security regulations that threaten the privacy of state residents. A covered entity may be subject to penalties as a result of a business associate (an entity that handles individually identifiable health information on behalf of a covered entity) violating HIPAA if the business associate is found to be an agent of the covered entity. Business associates are also directly subject to certain provisions of the HIPAA security and privacy regulations and may be penalized for violations of the regulations. Covered entities must report breaches of unsecured protected health information to affected individuals without unreasonable delay, but not to exceed 60 days following discovery of the breach by the covered entity or its agents. Notification must also be made to HHS and, in certain situations involving large breaches, to the media. There is a presumption that all non-permitted uses or disclosures of unsecured protected health information are breaches unless the covered entity or business associate establishes that there is a low probability the information has been compromised.

In addition to HIPAA, there are numerous other laws and legislative and regulatory initiatives at the federal and state levels addressing privacy and security concerns. We remain subject to any federal or state laws and regulations that encompass privacy concerns or the reporting of security breaches that are more restrictive than the regulations issued under HIPAA. These laws and regulations vary and could impose additional penalties. For example, they may require us to notify affected individuals in the event of a data breach involving certain individually identifiable health or financial information. In some cases, the Federal Trade Commission uses its consumer protection authority to initiate enforcement actions in response to data breaches.

EMTALA. Because we perform services at hospitals and other types of healthcare facilities, we and our affiliated physicians may be subject to laws which are applicable to those entities. For example, our operations are impacted by the Emergency Medical Treatment and Active Labor Act of 1986 (EMTALA), which prohibits "patient dumping" by requiring hospitals and hospital EDs and others to assess and stabilize any patient presenting to the hospital's ED or urgent care center requesting care for an emergency medical condition, regardless of the patient's ability to pay. Many states in which we operate have similar state law provisions concerning patient dumping. Violations of EMTALA can result in exclusion of the offending physician from the Medicare and Medicaid programs and civil monetary penalties. These penalties increased are adjusted annually based on changes to the Consumer Price Index.

Fee-splitting; Corporate practice of medicine. We employ or contract with physicians or physician-owned PCs to deliver physician services to our customers and their patients. We frequently enter into management services contracts with these physicians and PCs pursuant to which we provide billing, scheduling and a wide range of other services, and they pay us for those services out of the fees they collect from patients and third-party payors. These activities are subject to various state laws that prohibit the practice of medicine by lay entities or persons, the "corporate practice of medicine," and are intended to prevent unlicensed persons from interfering with or influencing the physician's professional judgment. In addition, various state laws also generally prohibit the sharing of professional services income with nonprofessional or business interests. Activities other than those directly related to the delivery of healthcare, such as scheduling, contracting, setting rates and the hiring and management of non-clinical personnel, may implicate the restrictions on the corporate practice of medicine or fee-splitting. In such states, we maintain long-term management contracts with affiliated physician groups, which employ or contract with physicians to provide physician services. In most instances within our surgery center business, the physicians and physician group practices whose members perform procedures at our surgery centers are not affiliated with us, other than through the physicians' ownership in the entity that owns the surgery centers and through any service agreements we have with the physicians. We believe that we are in material compliance with applicable state laws relating to the corporate practice of medicine and fee-splitting. However, regulatory authorities or other parties, including our affiliated physicians, may assert that, despite these arrangements, we are engaged in the corporate practice of medicine or that our contractual arrangements with affiliated physician groups constitute unlawful fee-splitting. In this event, we could be subject to adverse judicial or administrative interpretations, to civil or criminal penalties, our contracts could be found legally invalid and unenforceable or we could be required to restructure our contractual arrangements with our affiliated physician groups.

Fair Debt Collection Practices Act. Some of our operations may be subject to compliance with certain provisions of the Fair Debt Collection Practices Act and comparable statutes in many states. Under the Fair Debt Collection Practices Act, a third-party collection company is restricted in the methods it uses to contact consumer debtors and elicit payments with respect to placed accounts. Requirements under state collection agency statutes vary, with most requiring compliance similar to that required under the Fair Debt Collection Practices Act. We believe we are in substantial compliance with the Fair Debt Collection Practices Act and comparable state statutes where applicable.

Antitrust laws. The federal government and most states have enacted antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. These laws prohibit price fixing, market allocation, bid-rigging, concerted refusal to deal, market monopolization, price discrimination, tying arrangements, acquisitions of competitors and other practices that have, or may have, an adverse effect on competition. Violations of federal or state antitrust laws can result in various sanctions, including criminal and civil penalties. Antitrust enforcement in the healthcare sector is currently a priority of the Federal Trade Commission and the Department of Justice. We believe we are in compliance with such federal and state laws, but courts or regulatory authorities may reach a determination in the future that could adversely affect our operations.

Environmental matters. We are subject to federal, state and local laws and regulations relating to hazardous materials, pollution and the protection of the environment. Such regulations include those governing emissions to air, discharges to water, storage, treatment and disposal of wastes, including medical waste, remediation of contaminated sites, and protection of worker health and safety. These laws and regulations frequently change and have become increasingly stringent over time. Non-compliance with these laws and regulations may result in significant fines or penalties or limitations on our operations or claims for remediation costs, as well as alleged personal injury or property damages. We believe our current operations are in substantial compliance with all applicable environmental, health and safety requirements and that we maintain all material permits required to operate our business.

Certain environmental laws and regulations impose strict, and under certain circumstances joint and several, liability for investigation and remediation of the release of regulated substances into the environment. Such liability can be imposed on current or former owners or operators of contaminated sites, or on persons who dispose or arrange for disposal of wastes at a contaminated site. Releases have occurred at a few of the facilities we lease as a result of historical practices of the owners or former operators. Based on available information, we do not believe that any known compliance obligations, releases or investigations under environmental laws or regulations will have a material adverse effect on our business, financial position and results of operations. However, there can be no guarantee that these releases or newly discovered information, more stringent enforcement of or changes in environmental requirements, or our inability to enforce available indemnification agreements will not result in significant costs.

Employees

As of December 31, 2017, we and our affiliated entities employed or contracted with approximately 69,300 persons, approximately 46,200 of whom were full-time employees or contractors and 23,100 of whom were part-time employees or contractors. We employ or contract with approximately 16,800 employees performing various clinical support and corporate functions. We lease the services of approximately 800 full-time employees and 400 part-time employees from entities affiliated with the physician partners in our ASCs.

Support Infrastructure and Technology

To support our clinical staff and client facilities, we maintain an infrastructure that provides clinical, administrative and business support services to physicians, other healthcare professionals and administrative staff. These support services include but are not limited to:

- non-clinical operation management;
- physician and allied care recruiting;
- revenue cycle management;
- compliance, education and oversight;
- managed care contracting with third-party payors;
- information technology;
- human resources;
- risk management;
- quality improvement; and
- credentialing.

These support services are critical to the success of our business. Personnel located at our corporate headquarters primarily provide these services, but we also have regional offices where we have substantial operations. These services allow us to leverage our operational excellence and existing infrastructure to provide services to our clients, employees and physicians. Our infrastructure has enabled us to integrate newly developed or acquired businesses while achieving significant economies of scale.

We have invested in and developed management information systems that support our current operations and that management believes will support our projected growth. We purchase hardware and software that has been customized for us, as well as develop our own technology in both our clinical and administrative areas, which we believe may provide a competitive advantage over local, regional and emerging national providers. There are several applications currently in use and under development that provide the foundation for our day-to-day operations, including:

- *Billing services* - Billing systems that perform facilities-based revenue cycle management for each of the specialties in which we provide physician services, as well as for many of our ASCs.
- *Enterprise management* - Enterprise-wide reporting systems that are used for all essential accounting and finance functions, which include both integrated human resource and payroll functions.
- *Recruitment and business development* - A third-party database used by our business development departments and our physician recruitment subsidiary. This application is primarily used to develop a database of medical professionals that can be targeted in the recruitment process and also to manage other aspects of the recruitment and hiring process.
- *Web-based applications* - Our web-based comprehensive neonatal clinical electronic health record system, which is used in each of the facilities where we provide NICU and newborn nursery services to gather all pertinent clinical data from our patients to determine outcomes. Our web-based portal providing physician partners with access to financial information, financial and quality benchmarking reports along with best practices from the ambulatory services segment community of surgery centers and peer, physician-to-physician, insights on latest technologies and therapies.

Intellectual Property

We have registered the trademarks for certain of our businesses, including Envision Physician Services and AmSurg. We have also registered the trademarks for certain logos used in the marketing of our businesses, including Envision Healthcare, Envision Physician Services and AmSurg. Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks. We have also developed proprietary software that we protect through copyrights or contractual provisions and confidentiality procedures and agreements, including our EmComp, EmBillz and MEDS applications. Other than the intellectual property described above, we do not believe our business is dependent to a material degree on patents, copyrights, trademarks or trade secrets. Other than licenses to commercially available software, we do not believe that any of our licenses to third-party intellectual property are material to our business taken as a whole.

Insurance

Given the nature of the services we provide, we are subject to professional and general liability claims and related lawsuits in the ordinary course of business. We maintain insurance with third-party insurers generally on a claims-made basis, subject to self-insured retentions, exclusions and other restrictions. A substantial portion of our professional and general liability loss risks are being provided by a third-party insurer that is fully reinsured by our wholly owned captive insurance company. In addition, our wholly owned captive provide coverage for a substantial portion of our employee workers' compensation claims. The assets, liabilities and results of operations of our wholly owned captive insurance company subsidiary are included in our consolidated financial statements.

The liabilities for self-insurance include estimates of the ultimate costs related to both reported claims on an individual and aggregate basis and unreported claims. We also obtain professional liability insurance on a claims-made basis from third-party insurers for certain of our owned practices and certain of our employed and affiliated physicians.

Our reserves for our professional and general liability claims within the self-insured retention are based upon periodic actuarial calculations. Our reserves for losses and related expenses represent estimates involving actuarial and statistical projections, at a given point in time, of our expectation of the ultimate resolution plus administration costs of the losses that we have incurred. Our reserves are based on historical claims, demographic factors, industry trends, severity and exposure factors and other actuarial assumptions calculated by an independent actuarial firm. The independent actuarial firm performs studies of projected ultimate losses on an annual basis and we utilize these actuarial estimates to determine appropriate reserves. Liabilities for claims incurred but not reported are not discounted. The estimation of these liabilities is inherently complex and subjective, as these claims are typically resolved over an extended period of time, often as long as ten years or more. We periodically re-evaluate our accruals for our professional and general liabilities, and our actual results may vary significantly from our estimates if future claims differ from expected trends. The key assumptions used in our actuarial valuations are subject to constant adjustment as a result of changes in our actual loss history and the movement of projected emergence patterns as claims develop.

Corporate Compliance Program and Corporate Integrity Obligations

We have developed a corporate compliance program in an effort to monitor compliance with federal and state laws and regulations applicable to healthcare entities, to ensure that we maintain high standards of conduct in the operation of our business and to implement policies and procedures so that employees act in compliance with all applicable laws, regulations and our policies. Our program also attempts to monitor compliance with our Corporate Compliance Plan, which details our standards for: (i) business ethics, (ii) compliance with applicable federal, state and local laws, and (iii) business conduct. We have a Compliance Department whose focus is to prevent, detect and mitigate regulatory risks and remediate issues if identified. We attempt to accomplish this mission through:

- providing guidance, education and proper controls based on the regulatory risks associated with our business model and strategic plan,
- conducting internal audits and reviews to identify any improper practices that may be occurring,
- resolving regulatory matters, and
- enhancing the ethical culture and leadership of the organization.

The OIG has issued a series of Compliance Program Guidance documents in which the OIG has set out the elements of an effective compliance program. We believe our compliance program has been structured appropriately in light of this guidance. The primary compliance program components recommended by the OIG, all of which we have attempted to implement, include:

- formal policies and written procedures,
- designation of a Compliance Officer,
- education and training programs,
- internal monitoring and reviews,
- responding appropriately to detected misconduct,
- open lines of communication, and
- discipline and accountability.

Our Board reviews the effectiveness of our corporate compliance program on an annual basis. The Compliance and Quality Committee of our Board also meets regularly to provide oversight of our Compliance Program. Our corporate compliance program is based on the overall goal of promoting a culture that encourages employees to conduct activities with integrity, dignity and care for those we serve, and in compliance with all applicable laws and policies. Notwithstanding the foregoing, we audit compliance with our Compliance Program on a sample basis. Although such an approach reflects a reasonable and accepted approach in the industry, we cannot assure you that our program will detect and rectify all compliance issues in all markets and for all time periods.

As do other healthcare companies which operate effective compliance programs, from time to time we identify practices that may have resulted in Medicare or Medicaid overpayments or other regulatory issues. For example, we have previously identified situations in which we may have inadvertently utilized incorrect billing codes for some of the services we have billed to government programs such as Medicare or Medicaid, or billed for services which may not meet medical necessity guidelines. In such cases, if appropriate, it is our practice to disclose the issue to the affected government programs and to refund any resulting overpayments and, if appropriate, penalties. The government usually accepts such disclosures and repayments without taking further enforcement action, and we generally expect that to be the case with respect to our past and future disclosures and repayments. However, it is possible that such disclosures or repayments will result in allegations by the government that we have violated the False Claims Act or other laws, leading to investigations and possibly civil or criminal enforcement actions. We are required to refund any overpayments within 60 days of discovery. Failure to refund overpayments on a timely basis could result in civil monetary penalties or provide a basis for a false claims act allegation.

Corporate Integrity Agreements

When the U.S. Government settles a case involving allegations of billing or contracting misconduct with a healthcare provider, it typically requires the provider to enter into a Corporate Integrity Agreement ("CIA") with the OIG for a set period of years. As a condition of settlement of a government investigation against our Rural/Metro Corporation subsidiary, our medical transportation operations were previously subject to a CIA requiring that we maintain a corporate compliance program. Rural/Metro was released from its obligations under the CIA in January 2018. On December 19, 2017, in connection with the resolution of the DOJ's investigation into physician services provided by the Company's EmCare subsidiary at hospitals affiliated with Health Management Associates, Inc., the Company entered into a CIA with respect to its physician services business. The CIA provides that we will maintain, over a five-year term, a corporate compliance program with oversight of our emergency department and hospitalist medicine physician service lines that includes oversight, reporting, policy, screening and monitoring obligations, certain of which have been previously implemented through our existing compliance program, as described above.

Among the expanded requirements to be implemented pursuant to the physician services CIA are the following: (i) additional contracting procedures to comply with the federal Anti-Kickback Statute, (ii) independent review of emergency and hospitalist medicine facility contracting, (iii) notification to the OIG of government investigations or legal proceedings, and (iv) reporting of overpayments and other "reportable events" (as defined in the CIA). We will satisfy our obligations under the CIA through our ongoing compliance program, which is overseen by our Board and was developed to monitor compliance on a comprehensive basis across all service lines at the direction of our Chief Compliance Officer.

If we fail or if we are accused of failing to comply with the terms of our existing CIAs, we may be subject to additional litigation or other government actions, including being excluded from participating in the Medicare program and other federal healthcare programs. If we enter into any settlement of healthcare regulatory claims with the U.S. Government in the future, we may be required to enter into additional CIAs.

See Item 1A, "Risk Factors-Risks Related to Healthcare Regulation" for additional information related to regulatory matters.

Seasonality

Historically, the impact of seasonal effects on our revenues and operating results has been dampened due to growth from acquisitions as well as our geographic diversification. Without giving effect to these growth and diversification factors and with the exception of emergency medicine and children's services, our net revenue would fluctuate based on the number of business days in each calendar quarter, because the majority of medical services provided by our anesthesiology, office-based practices and ambulatory surgery centers consist of scheduled procedures and office visits that occur during business hours. Our net revenue would also be impacted by unpredictable weather events such as snowstorms or hurricanes that reduce the number of days of operations as well as the number of patients. The timing, severity and geographical impact of influenza and other recurring viruses has also impacted revenues derived from our ED service line. Revenue in the fourth quarter was also be impacted by an increased utilization of services as patients try to utilize their healthcare benefits before they expire at year-end. In addition, we incur a significantly higher payroll tax expense during the first and second quarters due to a significant number of our employees exceeding the level of taxable wages for social security contributions during the second half of the year.

Available Information

We file reports with the Securities and Exchange Commission (SEC) including annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports from time to time. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We are an electronic filer and the SEC maintains an Internet site at http://www.sec.gov that contains the reports, proxy and information statements and other information filed electronically. Our website address is: http://www.evhc.net. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on our website is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this annual report on Form 10-K.

Executive Officers of the Registrant

The following table sets forth certain information regarding the persons serving as our executive officers.

Name	Age	Experience
Christopher A. Holden	53	President and Chief Executive Officer and Director of the Company. Prior to the Merger, Mr. Holden served from October 2007 through November 2016 as President and Chief Executive Officer and a director of AmSurg. Prior to October 2007, Mr. Holden served for over ten years in various capacities, including Division President, with Columbia/ HCA Healthcare Corporation, now known as HCA, and Triad Hospitals, Inc.
Karey L. Witty	53	Executive Vice President & Chief Operating Officer since October 2017. Previously, Mr. Witty served as Chief Executive Officer of Corizon Health, Inc., a leading provider of correctional healthcare services in the United States, from October 2015 through September 2017. Mr. Witty served as Chief Financial Officer of naviHealth from January 2014 until October 2015, and as Chief Financial Officer of HealthSpring from 2009 until 2012.
Randel G. Owen	58	Executive Vice President and President - Ambulatory Services Group. Prior to the Merger, Mr. Owen served as Chief Financial Officer and Executive Vice President of EHH from May 2011 through November 2016 and as Chief Operating Officer of EHH from September 2012 through November 2016. Prior to May 2011, Mr. Owen served for over ten years as Executive Vice President and Chief Financial Officer of predecessor and affiliated entities of EHH.
Kevin D. Eastridge	52	Executive Vice President and Chief Financial Officer since October 2017 and Senior Vice President and Chief Accounting Officer from December 2016 until October 2, 2017. Prior to the Merger, Mr. Eastridge served as Senior Vice President of Finance of AmSurg from July 2008 through November 2016 and as Chief Accounting Officer from July 2004 through November 2016. Mr. Eastridge served in various capacities with AmSurg from March 1997 through July 2004, including Vice President of Finance and Controller.
Patrick B. Solomon	48	Senior Vice President and Chief Strategy Officer. Prior to the Merger, Mr. Solomon served as Senior Vice President and Chief Strategy Officer of AmSurg from 2015 through November 2016. Mr. Solomon joined Sheridan, which AmSurg acquired in July 2014, in 2003, and served as Executive Vice President and Chief Development Officer of Sheridan from 2012 to 2015 and as Executive Vice President of Operations from 2003 to 2012.
Craig A. Wilson	49	Senior Vice President, General Counsel and Secretary. Prior to the Merger, Mr. Wilson served as Senior Vice President, General Counsel and Secretary of EHH from May 2011 through November 2016. Mr. Wilson has served in various capacities with EHH and its predecessors and affiliates since March 2000.
Kenneth E. Zongor	42	Senior Vice President and Chief Accounting Officer since October 2017. Mr. Zongor has served as Chief Accounting Officer since October 2017. Previously, Mr. Zongor served as Senior Vice President of Financial Reporting, a post he held from July 2017 to October 2017. Prior to that, Mr. Zongor served as Vice President of Financial Reporting of AmSurg from September 2010 until December 2016 and in the same position with the Company from December 2016 until July 2017.

The following factors affect our business and the segments in which we operate. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also have an adverse effect on us. If any of the matters discussed in the following risk factors were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected.

Risks Related to Our Business

We may fail to realize the anticipated benefits of the Merger. The success of the Merger will depend on, among other things, our ability to combine the legacy AmSurg and EHH businesses in a manner that facilitates continuing growth opportunities and realizes anticipated synergies, revenue and earnings growth projections. We expect to benefit from continuing operational synergies resulting from the consolidation of capabilities and elimination of redundancies, as well as greater efficiencies from increased scale and integration. Management also expects that we will enjoy other benefits, including expanded service offerings, cross-selling opportunities, and increased geographic reach of the combined businesses.

However, our management must successfully combine the legacy businesses of AmSurg and EHH in a manner that permits these cost savings, synergies and other benefits to be realized. While we were on target to achieve our previously announced cost synergy targets as of December 31, 2017, actual synergies may be lower than we currently expect, or may take longer to achieve than currently anticipated. In addition, we must achieve the anticipated savings, synergies and benefits without adversely affecting current revenues, earnings and investments in future growth. An inability to realize the full extent of the anticipated benefits of the Merger, as well as any delays encountered in the integration process, could have an adverse effect upon our revenues, earnings, level of expenses and operating results, which may adversely affect the value of our common stock.

From time to time, we may conduct a strategic review of our business lines, and may pursue strategic initiatives in the future. Strategic initiatives could include divestitures, acquisitions, spin-offs, split-offs, strategic partnerships or joint ventures. Any strategic initiatives could involve implementation challenges, execution risks or other risks, or significantly change our business profile or strategies. Any such strategic initiatives could have an adverse impact on our revenues, earnings, cash flows and operating results, which may adversely affect the value of our common and preferred stock.

Combining the businesses of AmSurg and EHH may be more difficult, costly or time-consuming than expected, which may adversely affect our results and negatively affect the value of our common stock. Our management may face significant challenges in successfully integrating the AmSurg and EHH businesses, including in particular the physician services segment, integrating the organizations, procedures, policies and operations, addressing differences in the business cultures and retaining key personnel. The integration may be complex and time consuming, and could require substantial resources and effort by management and others. The ongoing integration process may also disrupt our business or cause inconsistencies in standards, controls, procedures and policies that adversely affect our relationships with employees, business partners, customers and others with whom we have business or other dealings, or limit our ability to achieve the anticipated benefits of the Merger. In addition, any difficulties in integrating the businesses could harm our reputation. If we are unable to successfully combine the businesses of AmSurg and EHH in an efficient, effective and timely manner, the anticipated benefits and cost savings of the Merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of our common stock may be affected adversely.

Changes to payment rates or methods of third-party payors, including government healthcare programs, changes to the laws and regulations that regulate payments for medical services, the failure of payment rates to increase as our costs increase, or changes to our payor mix, could adversely affect our operating margins and revenues. We provide physician services and ambulatory services primarily through fee for service payor arrangements. Under these arrangements, we collect fees directly or through our affiliated physicians or through the entities at which physician services are provided. We assume financial risks related to changes in third-party reimbursement rates and changes in payor mix. In some cases, our revenue decreases if our volume or reimbursement decreases, but our expenses, including physician compensation, may not decrease proportionately. Further, we collect a smaller portion of our fees for services rendered to uninsured patients than for services rendered to insured patients. Our credit risk related to services provided to uninsured individuals is exacerbated with respect to ED physician services, because of legal requirements that hospitals screen and stabilize or transfer all ED patients seeking care for an emergency medical condition regardless of a patient's ability to pay.

We depend primarily on private and governmental third-party sources of payment for the services provided to patients. The amount we receive for our services may be adversely affected by market and cost factors as well as other factors over which we have no control, including changes to the Medicare and Medicaid payment systems. Health reform efforts at the federal and state levels may increase the likelihood of significant changes affecting government healthcare programs and private insurance coverage. There is significant uncertainty regarding the future of the Health Reform Law, in particular, as the presidential administration and certain members of Congress have expressed their intent to repeal or make significant changes to the law, its interpretation or its implementation.

Government healthcare programs are subject to, among other things, statutory and regulatory changes, administrative rulings, interpretations and determinations concerning patient eligibility requirements, funding levels and the method of calculating payments or reimbursements, all of which could materially increase or decrease payments we receive from these government programs. Any such change that limits reimbursement amounts or practices could also significantly affect hospitals, and consequently affect our physician services operations or require us to renegotiate contractual arrangements with our health system clients. Further, Medicare reimbursement rates are increasingly used by private payors as benchmarks to establish commercial reimbursement rates and any adjustment in Medicare reimbursement rates may impact our reimbursement rates from such private payors as well.

As the Medicare program transitions away from fee for service payment models and toward value-based payment methodologies, we may be required to make additional investments to receive maximum Medicare reimbursement. For example, the Medicare Physician Quality Reporting System provides additional Medicare compensation to physicians who implement and report certain quality measures. Further, MACRA requires the establishment of the Merit-Based Incentive Payment System under which, beginning in 2019, physicians will receive payment incentives or reductions based on their performance with respect to clinical quality, resource use, clinical improvement activities, and meaningful use of electronic health records. Other third party payors may also adopt value-based payment methodologies.

There are significant private and public sector pressures to restrain healthcare costs and to restrict reimbursement rates for medical services, and we believe that such pressures will continue. Many states are continuing to collect less revenue than they did in prior years, and as a result may face ongoing budget shortfalls and underfunded pension and other liabilities. Deteriorating financial conditions in the states in which we operate could lead to reduced or delayed funding for Medicaid programs, which may reduce or delay the reimbursement we receive for services provided. Major payors of healthcare, including federal and state governments and private insurers, have taken steps in recent years to monitor and control costs, eligibility for and use and delivery of healthcare services, and to revise payment methodologies. As part of their efforts to contain healthcare costs, purchasers increasingly are demanding discounted or global fee structures or the assumption by healthcare providers of all or a portion of the financial risk through shared risk, capitation and care management arrangements, often in exchange for exclusive or preferred participation in their benefit plans. Further, the ability of commercial payors to control healthcare costs may be enhanced by the increasing consolidation of insurance and managed care companies, which may reduce our ability to negotiate favorable contracts with such payors.

We expect efforts to impose greater discounts and more stringent cost controls by government and other payors to continue, thereby reducing the payments we receive for our services. The effect of cost containment trends will depend, in part, on our payor mix. We cannot assure you that we will be able to offset reduced operating margins through cost reductions, increased volume, the introduction of additional procedures or otherwise. In addition, we cannot assure you that future changes to reimbursement rates by government healthcare programs, cost containment measures by private third-party payors, including fixed fee schedules and capitated payment arrangements, or other factors affecting payments for healthcare services will not adversely affect our future revenues, operating margins, or profitability.

We are subject to decreases in our revenue and profit margin under our fee for service contracts and arrangements, where we bear the risk of changes in volume, payor mix and third-party reimbursement rates. In our fee for service arrangements, which represent substantially all of our revenues, we, or our affiliated physicians, collect the fees for physician services. Under these arrangements, we assume financial risks related to changes in the mix of insured and uninsured patients and patients covered by government-sponsored healthcare programs, third-party reimbursement rates, and patient volume. A substantial decrease in patient volume, an increase in the number of uninsured or underinsured patients or an increase in the number of patients covered by government healthcare programs, as opposed to commercial plans that have higher reimbursement levels, could reduce our profitability and adversely impact future growth. In some cases, our revenue decreases if our volume or reimbursement decreases, but our expenses, including physician compensation, may not decrease proportionately.

We collect a smaller portion of our fees for services rendered to uninsured patients than for services rendered to insured patients. Our credit risk related to services provided to uninsured individuals in our ED specialty area is exacerbated because the law requires hospital EDs to treat all patients presenting to the ED seeking care for an emergency medical condition regardless of their ability to pay. We also believe uninsured patients are more likely to seek care at hospital EDs because they frequently do not have a primary care physician with whom to consult.

If we are unable to increase procedure volume at our existing surgery centers, the operating margins and profitability of our ambulatory services segment could be adversely affected. Our growth strategy for our ambulatory services segment includes increasing our revenues and earnings primarily by increasing the number of procedures performed at our surgery centers. We seek to increase procedure volume at our surgery centers by increasing the number of physicians performing procedures at our surgery centers, obtaining new or more favorable managed care contracts, improving patient flow at our surgery centers, increasing the capacity at our surgery centers, promoting screening programs and increasing patient and physician awareness of our surgery centers. Procedure volume at our surgery centers may be adversely impacted by economic conditions, high unemployment rates, natural disasters and physicians who no longer utilize our surgery centers and other factors that may cause patients to delay or cancel procedures. We can give you no assurances that we will be successful at increasing or maintaining procedure volumes, revenues and operating margins at our surgery centers.

Our revenue would be adversely affected if we lose existing contracts. A significant portion of our growth historically has resulted from increases in the number of patient encounters and fees for services we provide under existing contracts, and the addition of new contracts. Substantially all of our net revenue in our physician services segment was generated under contracts, including exclusive contracts. Our contracts with hospitals for physician services generally have terms of one to three years. Most of our contracts, including contracts with several of our significant client relationships, are terminable by either of the parties upon notice of as little as 30 days. Any of our contracts may not be renewed or, if renewed, may contain terms that are not as favorable to us as our current contracts. We cannot assure you that we will be successful in retaining our existing contracts on comparable or better terms, if at all, or that any loss of contracts would not have a material adverse effect on our business, financial condition and results of operations. Furthermore, certain of our contracts will expire during each fiscal period, and we may be required to seek renewal of these contracts through a formal bidding process that often requires written responses to a RFP. We cannot assure you that we will be successful in retaining such contracts or that we will retain them on terms that are as favorable as present terms.

Our physician services segment has several significant client relationships that result in a concentration of revenue. Although we negotiate and enter into separate contracts with facilities to which we deliver physician services, many facilities are affiliated with one another or owned and operated by the same entity. Although no single facility contract comprised more than 10% of our consolidated net revenue, we have several significant client relationships with groups of affiliated facilities that result in a concentration of revenue. During 2017 facilities affiliated with HCA Holdings Inc. (HCA) comprised approximately 20% of our consolidated net revenue. The loss or reduction of business from any of our significant client relationships could materially adversely affect the revenues and results of operations of our physician services segment.

We may not accurately assess the costs we will incur under new contracts. Many of our contracts in our physician services segment involve a competitive bidding process. When we obtain new contracts, we must accurately assess the costs we will incur in providing services in order to realize adequate profit margins and otherwise meet our financial and strategic objectives. Increasing pressures from healthcare payors to restrict or reduce reimbursement rates at a time when the costs of providing medical services continue to increase make assessing the costs associated with the pricing of new contracts, as well as maintenance of existing contracts, more difficult. Entering into new contracts in a number of our service lines may also negatively impact cash flow as we absorb various expenses before we are able to bill and collect revenue associated with the new contracts. In addition, integrating new contracts, particularly those in new geographic locations, could prove more costly, and could require more management time, than we anticipate. Our failure to accurately predict costs or to negotiate an adequate profit margin could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully recruit and retain physicians and other healthcare professionals with the qualifications and attributes desired by us, our customers, and our surgery centers. Our ability to recruit and retain qualified physicians and other healthcare professionals to staff contracts in our physician services business and to utilize our surgery centers in our ambulatory services business significantly affects our ability to provide quality care. We compete with other entities to recruit qualified physicians and other healthcare professionals. In many of the markets in which we operate, there are shortages of physicians in the targeted specialties of our physician services contracts and our surgery centers. Some of our competitors may have greater resources than we do, including financial, marketing, staff and capital resources, have or may develop new technologies or services that are attractive to physicians or patients, or have established relationships with physicians and payors.

In our physician services segment, our customer hospitals have increasingly demanded a greater degree of specialized skills, training and experience in the healthcare professionals providing services under their contracts with us. This decreases the number of healthcare professionals who may be qualified to staff our contracts. Moreover, because of the scope of the geographic and demographic diversity of the facilities with which we contract, we must recruit healthcare professionals, and particularly physicians, to staff a broad spectrum of specialty areas. We have had difficulty in the past recruiting physicians to staff contracts in some regions of the country and at some less economically advantaged hospitals. Our future success in retaining and winning new hospital contracts depends in part on our ability to recruit and retain physicians and other healthcare professionals to maintain and expand our operations.

In our ambulatory services segment, we also compete with other healthcare providers in recruiting physicians to utilize our surgery centers, for patients, and in contracting with managed care payors. In several of our markets, hospitals are directly recruiting physicians or groups of physicians as employees, including primary care physicians and physicians in the targeted specialties of our surgery centers, and restricting those physicians' ability to refer patients to physicians and facilities not affiliated with the hospital. In addition, physicians, hospitals, payors and other providers may form integrated delivery systems or utilize plan structures that restrict the physicians who may treat certain patients or the facilities at which patients may be treated. These restrictions may impact our surgery centers and the medical practices of our physician partners.

Our non-compete agreements and other restrictive covenants involving physicians and other clinical employees may not be enforceable. We have contracts with physicians, other health professionals, and PCs in many states. Some of these contracts, as well as our contracts with hospitals, include provisions preventing these providers and professional corporations from competing with us both during and after the term of our relationship with them. The law governing non-compete agreements and other forms of restrictive covenants varies from state to state. Some states are reluctant to strictly enforce non-compete agreements and restrictive covenants applicable to physicians and other clinicians. There can be no assurance that our non-compete agreements related to physicians, other healthcare professionals, and professional corporations will not be successfully challenged as unenforceable in certain states. In such event, we would be unable to prevent these clinicians and PCs from competing with us, potentially resulting in the loss of some of our hospital contracts and other business.

If we fail to implement our business strategy, our financial performance and our growth could be materially and adversely affected. Our future financial performance and success are dependent in large part upon our ability to implement our business strategy successfully. Our business strategy includes several initiatives, including capitalizing on organic growth opportunities, growing complementary and integrated services lines, supplementing organic growth with strategic initiatives, and enhancing operational efficiencies and productivity. We may not be able to implement our business strategy successfully or achieve the anticipated benefits of our business strategy. If we are unable to do so, our long-term growth, profitability, and ability to service our debt will be adversely affected. Even if we are able to implement some or all of the initiatives of our business strategy successfully, our operating results may not improve to the extent we anticipate, or at all. Implementation of our business strategy could also be affected by a number of factors beyond our control, such as changes in government regulation, increased competition, legal developments, general economic conditions or increased operating costs or expenses. In addition, to the extent we have misjudged the nature and extent of sector trends or our competition, we may have difficulty in achieving our strategic objectives.

Our margins may be negatively impacted by cross-selling to existing customers or selling bundled services to new customers. One of our growth strategies involves the continuation and expansion of our efforts to sell complementary services across our businesses. There can be no assurance that we will be successful in our cross-selling efforts. As part of our cross-selling efforts, we may need to offer a bundled package of services that are at a lower price point to existing or new customers as compared to the price of individual services or otherwise offer services which may put downward price pressure on our services. Such price pressure may have a negative impact on our operating margins. In addition, if a complementary service offered as part of a bundled package underperforms as compared to the other services included in such package, we could face reputational harm which could negatively impact our relationships with our customers and ultimately our results of operations.

We may enter into partnerships with payors and other healthcare providers, including risk-based partnerships under the Health Reform Law as currently enacted. If this strategy is not successful, our financial performance could be adversely affected. We have entered into strategic business partnerships with health systems and other large payors to take advantage of commercial opportunities in our facility-based physician services business. However, there can be no assurance that our efforts in these areas will continue to be successful. Moreover, joint venture and strategic partnership models may expose us to commercial risks that may be different from our other business models, including that the success of the joint venture or partnership may be only partially under our operational and legal control and the opportunity cost of not pursuing the specific venture independently or with other partners.

For example, our physician services segment has entered into joint venture agreements with HCA to provide physician services to various healthcare facilities. In these joint ventures, HCA has the option to acquire our stake in the venture on a predetermined financial formula, which, if exercised, would lead to the loss of our associated revenue and profits which may not be offset fully by the immediate proceeds of the sale of our stake. Additionally, under certain of our joint venture partnership arrangements, the hospital system partner has the right of first refusal should we desire to acquire an unrelated provider who derives 40% or more of their revenues from services provided to that hospital system or its affiliates. Furthermore, joint ventures may raise fraud and abuse issues. For example, the OIG has taken the position that certain contractual joint ventures between a party which makes referrals and a party which receives referrals for a specific type of service may violate the Anti-Kickback Statute if one purpose of the arrangement is to encourage referrals.

We have entered into, and in the future expect to enter into, risk-based partnerships and arrangements designed to encourage healthcare providers to assume financial accountability for outcomes and work together to better coordinate care for patients, both in the hospital and after discharge. Examples of such opportunities include CMS initiatives such as the CMS Bundled Payments for Care Improvement initiative, the Medicare Shared Savings Program and the Independence at Home Demonstration, as well as agreements entered into by our physician services business with health plans that include risk-based incentives tied to outcomes. We view entering into targeted risk-based initiatives, including opportunities afforded by the Health Reform Law, as currently enacted, as an important part of our business strategy in order to develop our integrated service offerings across the patient continuum, continue the expansion of our physician services business, further develop our relationships with hospitals, hospital systems and other payors, and prepare for the possibility that Medicare may require us to participate in a capitated or value-based payment system for certain of our businesses in the future.

Advancing such initiatives can be time consuming and expensive, and there can be no assurance that our efforts in these areas will ultimately be successful. If we succeed in our efforts to enter into these risk-based partnerships but fail to deliver quality care at a cost consistent with our expectations, we may be subject to significant financial penalties depending on the program, and an unsuccessful implementation of such initiatives could materially and adversely affect our ability to enter into other risk-based partnerships and our business, financial condition or results of operations.

We could be subject to lawsuits which could harm the value of our business, including litigation for which we are not fully reserved. From time-to-time we are involved in lawsuits, claims, audits and investigations, including those arising out of services provided, personal injury claims, professional liability claims, billing and marketing practices, employment disputes and contractual claims. Physicians, hospitals and other participants in healthcare delivery have become subject to an increasing number of lawsuits alleging medical malpractice and related legal theories such as negligent hiring, supervision and credentialing. Some of these lawsuits may involve large claim amounts and substantial defense costs.

Our physician services segment generally procures professional liability insurance coverage for its employed and affiliated medical professionals, and professional and corporate entities. A substantial portion of our professional liability loss risks are provided by third-party insurers, which is fully reinsured by our wholly owned captive insurance entity. In addition, our wholly owned captive provides stop loss coverage for our self-insured employee health benefits program related to our physician services segment. Under these insurance programs, we establish reserves, using actuarial estimates, for all losses covered under the policies. Liabilities for claims incurred but not reported are not discounted. Moreover, in the normal course of our business, we are involved in lawsuits, claims, audits and investigations, including those arising out of our billing and marketing practices, employment disputes, contractual claims and other business disputes for which we may have no insurance coverage, and which are not subject to actuarial estimates. The outcome of these matters could have a material effect on our results of operations in the period when we identify the matter, and the ultimate outcome could have a material adverse effect on our financial position, results of operations, or cash flows. Our liability to pay for our physician services segment's insurance program losses is partially collateralized by funds held through our wholly owned insurance captive, and letters of credit issued by our affiliates and, to the extent these losses exceed such collateral, or the limits of our insurance policies, we will be required to fund any remaining liabilities.

We may become subject to future lawsuits, claims, audits and investigations that could result in substantial costs and divert our attention and resources and adversely affect our business condition. In addition, since our current growth strategy includes acquisitions, among other things, we may become exposed to legal claims for the activities of an acquired business prior to the acquisition. These lawsuits, claims, audits or investigations, regardless of their merit or outcome, may also adversely affect our reputation and ability to expand our business.

We are subject to a variety of federal, state and local laws and regulatory regimes, including a variety of labor laws and regulations. Failure to comply with laws and regulations could subject us to, among other things, penalties and legal expenses which could have a materially adverse effect on our business. We are subject to various federal, state, and local laws and regulations including, but not limited to, the Employee Retirement Income Security Act of 1974 (ERISA) and regulations promulgated by the Internal Revenue Service (IRS), the U.S. Department of Labor and the Occupational Safety and Health Administration. We are also subject to a variety of federal and state employment and labor laws and regulations, including the Americans with Disabilities Act, the Federal Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, and other regulations related to working conditions, wage-hour pay, overtime pay, family leave, employee benefits, antidiscrimination, termination of employment, safety standards and other workplace regulations.

Failure to properly adhere to these and other applicable laws and regulations could result in investigations, the imposition of penalties or adverse legal judgments by public or private plaintiffs, and our business, financial condition and results of operations could be materially adversely affected. Similarly, our business, financial condition and results of operations could be materially adversely affected by the cost of complying with newly-implemented laws and regulations.

In addition, from time to time we have received, and expect to continue to receive, correspondence from former employees terminated by us who threaten to bring claims against us alleging that we have violated one or more labor and employment regulations. In certain instances former employees have brought claims against us and we expect that we will encounter similar actions against us in the future. An adverse outcome in any such litigation could require us to pay contractual damages, compensatory damages, punitive damages, attorneys' fees and costs.

The reserves we establish with respect to our losses covered under our insurance programs are subject to inherent uncertainties. In connection with our insurance programs, we establish reserves for losses and related expenses, which represent estimates involving actuarial and statistical projections, at a given point in time, of our expectations of the ultimate resolution and administration costs of losses we will incur in respect of our liability risks. The estimation of professional liabilities is inherently complex and subjective, as these claims are typically resolved over an extended period of time, often as long as ten years or more. Our reserves are based on historical claims, demographic factors, sector trends, severity and exposure factors and other actuarial assumptions calculated by an independent actuarial firm. The independent actuarial firm performs studies of projected ultimate losses on an annual basis and we utilize these actuarial estimates to determine appropriate reserves. Our reserves could be significantly affected if current and future occurrences differ from historical claim trends and expectations. While we monitor claims closely when we estimate reserves, the complexity of the claims and the wide range of potential outcomes may hamper timely adjustments to the assumptions we use in these estimates. Actual losses and related expenses may deviate, individually and in the aggregate, from the reserve estimates reflected in our consolidated financial statements. The long-term portion of insurance reserves was $318.5 million as of December 31, 2017. If we determine that our estimated reserves are inadequate, we will be required to increase reserves at the time of the determination, which would result in a reduction in our net income in the period in which the deficiency is determined.

We may make acquisitions which could divert the attention of management and may not be integrated successfully into our existing business. A portion of our growth has resulted from, and is expected to continue to result from, the acquisition of physician groups, surgery centers, and other healthcare providers and businesses. We may continue to pursue acquisitions to increase our presence in existing markets, enter new geographic markets and expand the scope of services we provide. In 2017, our physician services and ambulatory services segments completed 16 acquisitions for total purchase consideration of approximately $631.4 million. We have evaluated, and expect to continue to evaluate, possible acquisitions on an ongoing basis, and such acquisition targets may be of significant size and may involve operations in multiple jurisdictions. We cannot assure you that we will identify suitable acquisition candidates, acquisitions will be completed on acceptable terms or at all, our due diligence process will uncover all potential liabilities or issues affecting our integration process, we will not incur break-up, termination or similar fees and expenses, or we will obtain all necessary or expected consents from third parties. We cannot assure you that we will be able to integrate successfully the operations of any acquired business into our existing business. In particular, we may experience challenges relating to the retention of physicians and other healthcare professionals of our acquired businesses or the integration of such healthcare professionals. Furthermore, acquisitions in new geographic markets and services may require us to comply with new and unfamiliar legal and regulatory requirements, which could impose substantial obligations on us and our management, cause us to expend additional time and resources becoming familiar with such requirements, and increase our exposure to penalties or fines for non-compliance with such requirements. The acquisition and integration of another business could divert management attention from other business activities. This diversion, together with other difficulties we may incur in integrating an acquired business, could have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our ability to manage growth effectively. Even if we are successful in obtaining new business, organically or by acquisition, failure to manage our growth effectively could adversely affect our financial condition. We may experience extended periods of very rapid growth, and if we are not able to manage our growth effectively, our business and financial condition could materially suffer. Our growth may significantly strain our managerial, operational and financial resources and systems. To manage our growth effectively, we will have to continue to implement and improve our operational, financial and management controls, reporting systems and procedures. In addition, we must effectively expand, train and manage our employees. We will be unable to manage our businesses effectively if we are unable to alleviate the strain on resources caused by growth in a timely and successful manner.

The high level of competition in our lines of business could adversely affect our contract and revenue base for our physician services and ambulatory services segments.

Physician Services. Physician staffing and related management services to hospitals and clinics are highly competitive. We compete with both national and regional enterprises such as Mednax Inc., Team Health, US Acute Care Solutions, U.S Anesthesia Partners, Fresenius, Schumacher Clinical Partners and California Emergency Physicians, some of which may have greater financial and other resources available to them, greater access to physicians or greater access to potential customers. Such competition could adversely affect our ability to obtain new facility contracts, retain existing contracts and increase or maintain profit margins. We also compete against local physician groups and self-operated facility-based physician services departments that also provide staffing and scheduling services. Many of these competitors provide healthcare services that are similar in scope to the services we provide. Moreover, in certain regions, some of our competitors have already established a significant network of physician groups and it may be more difficult for us to compete in such areas.

Ambulatory Surgery Centers. The ASC business is highly competitive. We compete with health systems and other surgery centers in recruiting physicians to utilize our surgery centers, for patients and for the opportunity to contract with payors. We compete with public and private companies in the development and acquisition of ASCs, including Surgery Partners, Surgical Care Affiliates, United Surgical Partners, Inc. and various health systems. Further, many physician groups independently develop ASCs without a corporate partner.

Our business depends on numerous complex information systems, and any failure to successfully maintain these systems or implement new systems could materially harm our operations. We depend on complex, integrated information systems and standardized procedures for operational and financial information and our billing operations. We may not have the necessary resources to enhance existing information systems or implement new systems where necessary to handle our volume and changing needs. Furthermore, we may experience unanticipated delays, complications and expenses in implementing, upgrading, integrating and operating our systems, which involve a variety of different processes. Any interruptions in operations during periods of implementation or upgrading could adversely affect our ability to properly allocate resources and process billing information in a timely manner, which could result in customer dissatisfaction and delayed cash flow. We also use the development and implementation of sophisticated and specialized technology to differentiate our services from our competitors and improve our profitability. The failure to successfully implement, maintain and protect operational, financial and billing information systems could have an adverse effect on our ability to report our required financial information in a timely and accurate manner, obtain new business, retain existing business and maintain or increase our profit margins.

Disruptions in our disaster recovery systems, management continuity planning or information systems could limit our ability to operate our business effectively, or adversely affect our financial condition and results of operations. Our information technology systems facilitate our ability to conduct our business. While we have disaster recovery systems and business continuity plans in place, any disruptions in our disaster recovery systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations. Despite our implementation of a variety of security measures, our technology systems could be subject to physical or electronic break-ins, and similar disruptions from unauthorized tampering. In addition, in the event that a significant number of our management personnel were unavailable in the event of a disaster, our ability to effectively conduct business could be adversely affected.

Information security risks have generally increased in recent years because of new technologies and the increased incidence of cyber-attacks resulting in the theft of protected health, business or financial information. Outside parties may also attempt to fraudulently induce our employees to release confidential or sensitive information or to make fraudulent payments, through illegal electronic tactics. A failure in or breach of our information systems as a result of cyber-attacks or other tactics could disrupt our business, result in the release or misuse of confidential or proprietary or financial information, damage our reputation, increase our administrative expenses, and expose us to additional risk of liability to federal or state governments or individuals. Although we believe that we have robust information security procedures and other safeguards in place, which are monitored and routinely tested internally and by external parties, as cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures or to investigate and remediate any information security vulnerabilities. Any of these disruptions or breaches of security could have a material adverse effect on our business, regulatory compliance, financial condition and results of operations.

A successful challenge by tax authorities to our treatment of certain healthcare professionals as independent contractors or the elimination of an existing safe harbor could materially increase our costs relating to these healthcare professionals. As of December 31, 2017, we contracted with approximately 9,100 physicians and clinical personnel as independent contractors. Because we treat these providers as independent contractors rather than as employees, we do not (i) withhold federal or state income or other employment related taxes from the compensation that we pay to them, (ii) make federal or state unemployment tax or Federal Insurance Contributions Act payments with respect to them, (iii) provide workers compensation insurance with respect to them (except in states that require us to do so for independent contractors), or (iv) allow them to participate in benefits and retirement programs available to our employees. Our contracts with these healthcare professionals obligate them to pay these taxes and other costs. Whether these healthcare professionals are properly classified as independent contractors generally depends upon the facts and circumstances of our relationship with them. It is possible that the nature of our relationship with these healthcare professionals would support a challenge to our treatment of them as independent contractors. Under current federal tax law, however, if our treatment of these healthcare professionals is consistent with a long-standing practice of a significant segment of our industry and we meet certain other requirements, it is possible, but not certain, that our treatment would qualify under a "safe harbor" and, consequently, we would be protected from the imposition of taxes. However, if a challenge to our treatment of these healthcare professionals as independent contractors by federal or state taxing authorities were successful and these healthcare professionals were treated as employees instead of independent contractors, we could be liable for taxes, penalties and interest to the extent that these healthcare professionals did not fulfill their contractual obligations to pay those taxes. In addition, there are currently, and have been in the past, proposals made to eliminate the safe harbor, and similar proposals could be made in the future. If such a challenge were successful or if the safe harbor were eliminated, there could be a material increase in our costs relating to these healthcare professionals and, therefore, there could be a material adverse effect on our business, financial condition and results of operations.

If we fail to successfully maintain an effective internal control over financial reporting, the integrity of our financial reporting could be compromised, which could result in a material adverse effect on our reported financial results. We regularly acquire closely held entities that are not subject to the Sarbanes-Oxley Act of 2002, or the rules and regulations of the SEC, especially as it relates to internal control structure. As such, these closely held entities may not have previously implemented the internal controls required of a public company. The integration of acquired entities into our internal control over financial reporting has required and will continue to require significant time and resources from our management and other personnel and will increase our compliance costs. We are required to include our assessment of the effectiveness of the internal controls over financial reporting of entities we acquire in our overall assessment. We plan to complete the evaluation and integration of internal controls over financial reporting and report our assessment within the required time frame. Failure to maintain an effective internal control environment could have a material adverse effect on our ability to accurately report our financial results, the market's perception of our business and our stock price.

Shortages of products, equipment and medical supplies and quality control issues with such products, equipment and medical supplies could disrupt our operations and adversely affect our operations and profitability. Our operations, particularly the operations of our ambulatory surgery center business, depend significantly upon our and our clients' ability to obtain sufficient products, drugs, equipment and medical supplies on a timely basis. If we or our clients are unable to obtain such necessary products, or if we or our clients fail to properly manage existing inventory levels, we may be unable to perform certain surgeries or provide certain medical services, which could adversely affect our operations. In addition, as a result of shortages, we could suffer, among other things, operational disruptions, disruptions in cash flows, increased costs and reductions in profitability. At times, supply shortages have occurred, and such shortages may be expected to recur from time to time.

Medical supplies and services may be subject to supplier product quality control incidents and recalls. In addition to contributing to materials shortages, product quality can affect patient care and safety. National suppliers have experienced material quality control incidents in the past, which may occur again in the future for reasons beyond our control and such incidents can negatively impact case volume, product costs and our reputation. In addition, we may have to incur costs to resolve quality control incidents related to medical supplies and services regardless of whether they were caused by us. Our inability to obtain the necessary amount and quality of products, equipment and medical supplies due to a quality control incident or recall could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may write-off intangible assets, such as goodwill. As a result of purchase accounting for our various acquisition transactions, our balance sheet at December 31, 2017 contained intangible assets designated as either goodwill or intangibles totaling approximately $7.54 billion in goodwill and approximately $3.67 billion in intangibles. Acquisitions that result in the recognition of additional intangible assets would cause an increase in these intangible assets. On an ongoing basis, we evaluate whether facts and circumstances indicate any impairment of the value of intangible assets. As circumstances change, we cannot assure you that the value of these intangible assets will be realized by us. If we determine that a significant impairment has occurred, we will be required to write-off the impaired portion of intangible assets, including goodwill, which could have a material adverse effect on our results of operations in the period in which the write-off occurs.

Our annual impairment test as of October 1, 2017 evaluated the allocated goodwill related to each of our reporting units - $2.14 billion for the ambulatory services reporting unit and $5.97 billion for the physician services reporting unit. As of the October 1, 2017 valuation, the fair value was substantially in excess of its carrying value for the ambulatory services reporting unit. For physician services reporting unit, the carrying value exceeded the fair value. Accordingly, under ASU No. 2017-04 we recorded a non-cash impairment charge of $500.0 million to reduce goodwill associated with the physician services reporting unit. Subsequent to the goodwill write-off the physician services segment's carrying value was at fair value and the remaining goodwill associated with the physician services reporting unit was $5.41 billion. Any future adverse events or changes in our assumptions used in our analysis could require additional assessment since there is no excess of fair value over carrying value as of October 1.

Our ambulatory services segment may be adversely affected by changes to the medical practices of our physician partners or if we fail to maintain good relationships with the physician partners who use our surgery centers. Our ambulatory services segment depends on, among other things, the efforts and success of the physician partners who perform procedures at our surgery centers and the strength of our relationship with these physicians. The medical practices of our physician partners may be negatively impacted by general economic conditions, changes in payment rates or systems by payors (including Medicare), actions taken by referring physicians, other providers and payors, and other factors impacting their practices. Adverse economic conditions, including high unemployment rates, could cause patients of our physician partners and our ASCs to cancel or delay procedures. Our physician partners that use our ASCs are not required to use our surgery centers and may perform procedures at other facilities. From time to time, we have had and may have future disputes with physicians in our surgery centers. The revenues and profitability of our ambulatory services segment may be adversely affected if a key physician or group of physicians stops using or reduces their use of our surgery centers as a result of changes in their physician practice, changes in payment rates or systems, or a disagreement with us. In addition, if the physicians who use our surgery centers do not provide quality medical care or follow required professional guidelines at our facilities or there is damage to the reputation of a physician or group of physicians who use our surgery centers, our business and reputation could be damaged.

Our ambulatory services segment may be negatively impacted by weather and other factors beyond our control. The results of operations of our ambulatory services segment may be adversely impacted by adverse weather conditions, including hurricanes and widespread winter storms, or other factors beyond our control that cause disruption of patient scheduling, displacement of our patients, employees and physician partners, or force certain of our surgery centers to close temporarily. In certain geographic areas, we have a large concentration of surgery centers that may be simultaneously affected by adverse weather conditions or events. The future financial and operating results of our ambulatory services segment may be adversely affected by weather and other factors that disrupt the operation of our surgery centers.

We have a legal responsibility to the minority owners of the entities through which we own our surgery centers, which may conflict with our interests and prevent us from acting solely in our own best interests. As the owner of majority interests in the limited partnerships and limited liability companies that own our surgery centers, we owe a fiduciary duty to the noncontrolling interest holders in these entities and may encounter conflicts between our interests and that of the minority holders. In these cases, our representatives on the governing board of each partnership or joint venture are obligated to exercise reasonable, good faith judgment to resolve the conflicts and may not be free to act solely in our own best interests. In our role as manager of the limited partnership or limited liability company, we generally exercise our discretion in managing the business of the surgery center. Disputes may arise between us and the physician partners regarding a particular business decision or the interpretation of the provisions of the limited partnership agreement or limited liability company operating agreement. The agreements provide for arbitration as a dispute resolution process in some circumstances. We cannot assure you that any dispute will be resolved or that any dispute resolution will be on terms satisfactory to us.

Failure to timely or accurately bill for services could have a negative impact on our net revenue, bad debt expense and cash flow. Billing for healthcare services is an important but complex aspect of our business. In particular, the current practice of providing physician services in advance of payment or, in many cases, irrespective of the patient's ability to pay for such services, may have significant negative impact on our physician services segment's net revenue, bad debt expense and cash flow. We bill numerous and varied payors, such as self-pay patients, managed care payors and Medicare and Medicaid. These different payors typically have different billing requirements that must be satisfied prior to receiving payment for services rendered. Reimbursement is typically conditioned on our documenting medical necessity, the appropriate level of service and correctly applying diagnosis codes. Incorrect or incomplete documentation and billing information could result in non-payment for services rendered.

Additional factors that could complicate our ability to timely or accurately bill payors include:

- disputes between payors as to which party is responsible for payment;
- failure of information systems and processes to submit and collect claims in a timely manner;
- variation in coverage for similar services among various payors;
- our reliance on third-parties to provide billing services for certain of our service lines;
- the difficulty of adherence to specific compliance requirements, diagnosis coding and other procedures mandated by various payors; and
- in connection with billing for physician services, failure to obtain proper physician credentialing and documentation in order to bill various payors.

To the extent that the complexity associated with billing for healthcare services we provide causes delays in our cash collections, we may experience increased carrying costs associated with the aging of our accounts receivable as well as increased potential for bad debt expense.

Unfavorable changes in regulatory, economic and other conditions could occur in the states where our operations are concentrated. For the year ended December 31, 2017, Arizona, California, Florida, New Jersey and Texas accounted for approximately 62% of our physician services segment net revenue. This concentration increases the risk that, should our physician services segment programs in these states be adversely affected by changes in law or regulatory, economic and other conditions, our physician services segment revenue and profitability could materially decline. Furthermore, a natural disaster or other catastrophic event in one of these states could affect us more significantly than other companies with less geographic concentration.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business, or to defend successfully against intellectual property infringement claims by third parties. Our ability to compete effectively depends in part upon our intellectual property rights, including but not limited to our trademarks and copyrights, and our proprietary technology. Our use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, unfair competition, trade secret and other laws to protect our intellectual property rights and proprietary technology may not be adequate. Litigation may be necessary to enforce our intellectual property rights and protect our proprietary technology, or to defend against claims by third parties that the conduct of our businesses or our use of intellectual property infringes upon such third-party's intellectual property rights. Any intellectual property litigation or claims brought against us, whether or not meritorious, could result in substantial costs and diversion of our resources, and there can be no assurances that favorable final outcomes will be obtained in all cases. The terms of any settlement or judgment may require us to pay substantial amounts to the other party or cease exercising our rights in such intellectual property, including ceasing the use of certain trademarks used by us to distinguish our services from those of others or ceasing the exercise of our rights in copyrightable works. In addition, we may have to seek a license to continue practices found to be in violation of a third-party's rights, which may not be available on reasonable terms, or at all. Our business, financial condition or results of operations could be adversely affected as a result.

Risks Related to Our Substantial Indebtedness

Our substantial indebtedness may adversely affect our financial health and prevent us from making payments on our indebtedness. We have substantial indebtedness. As of December 31, 2017, we had total indebtedness, including capital leases, of approximately \$6.41 billion, including \$1.10 billion of our 5.625% Senior Unsecured Notes due 2022, \$750.0 million of our 5.125% Senior Unsecured Notes due 2022, \$550.0 million of our 6.25% Senior Unsecured Notes due 2024, and \$3.96 billion of borrowings under the senior secured term loan facility ("Term Loan Facility"). In addition, as of December 31, 2017, after giving effect to approximately \$186.2 million of letters of credit issued under the asset-based revolving credit facility ("ABL Facility"), we had capacity to borrow approximately \$663.8 million under our \$850.0 million ABL Facility, subject to availability requirements. As of December 31, 2017, we also had approximately \$832.0 million in operating lease commitments. We anticipate that net proceeds from the divestiture of our medical transportation business, which is expected to be \$2.1 billion, will be used to reduce our indebtedness outstanding under our Term Loan Facility. Following the completion of the divestiture of AMR, we expect our maximum available under the ABL Facility will be approximately \$650.0 million.

The degree to which we are leveraged may have important consequences for holders of our common stock. For example, it may:

- make it more difficult for us to make payments on our indebtedness;
- increase our vulnerability to general economic and sector conditions, including recessions and periods of significant inflation and financial market volatility;
- expose us to the risk of increased interest rates because any borrowings we make under the ABL Facility, and our borrowings under the Term Loan Facility under certain circumstances, will bear interest at variable rates;
- require us to use a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing our ability to fund working capital, capital expenditures and other expenses;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a competitive disadvantage compared to competitors that have less indebtedness; and
- limit our ability to borrow additional funds that may be needed to operate and expand our business.

Despite our indebtedness levels, we, our subsidiaries and our affiliated professional corporations may be able to incur substantially more indebtedness, which may increase the risks created by our substantial indebtedness. We, our subsidiaries and our affiliated professional corporations may be able to incur substantial additional indebtedness in the future. The terms of the indentures governing our outstanding senior unsecured notes and the credit agreements governing the ABL Facility and the Term Loan Facility permit us to incur additional indebtedness, and do not fully prohibit our subsidiaries and our affiliated professional corporations from incurring indebtedness. If we are in compliance with certain incurrence ratios set forth in the credit agreements governing the ABL Facility and the Term Loan Facility and the indentures governing our outstanding senior unsecured notes, we, and our subsidiaries, may be able to incur substantial additional indebtedness, which may increase the risks created by our current substantial indebtedness. Our affiliated professional corporations are not subject to the covenants governing any of our indebtedness.

We will require a significant amount of cash to service our indebtedness. The ability to generate cash or refinance our indebtedness as it becomes due depends on many factors, some of which are beyond our control. We are a holding company, and as such we have no independent operations or material assets other than their ownership of equity interests in our subsidiaries and our subsidiaries' contractual arrangements with physicians and professional corporations. We depend on our subsidiaries to distribute funds to us so we are able to pay our obligations and expenses, including satisfying our indebtedness. Our ability to make scheduled payments on, or to refinance our obligations under, our indebtedness and to fund planned capital expenditures and other corporate expenses will depend on the ability of our subsidiaries to make distributions, dividends or advances, which in turn will depend on their future operating performance and on economic, financial, competitive, legislative, regulatory and other factors. Many of these factors are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized or that future borrowings will be available to us in an amount sufficient to enable us to satisfy our obligations under our indebtedness or to fund our other needs. In order for us to satisfy our obligations under our indebtedness and fund our planned capital expenditures, we must continue to execute our business strategy. If we are unable to do so, we may need to reduce or delay our planned capital expenditures or refinance all or a portion of our indebtedness on or before maturity. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects. In addition, we cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

The indentures governing our senior notes and the credit agreements governing the ABL Facility and the Term Loan Facility restrict our ability to engage in certain business and financial transactions.

Indentures. The indentures governing our senior notes contain restrictive covenants that, among other things, limit our ability and the ability of our subsidiaries to:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, redeem or repurchase stock or make other distributions in respect of the Company's capital stock;
- make investments;
- repurchase, prepay or redeem subordinated indebtedness;
- incur additional liens;
- transfer or sell assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate any of our subsidiaries as unrestricted subsidiaries.

Senior Secured Credit Facilities. The credit agreements governing the ABL Facility and the Term Loan Facility (together, the "Senior Secured Credit Facilities") contain a number of covenants that limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, redeem or repurchase stock or make other distributions in respect of the Company's capital stock;
- make investments;
- repurchase, prepay or redeem junior indebtedness;
- agree to payment restrictions affecting the ability of our restricted subsidiaries to pay dividends to us or make other intercompany transfers;
- incur additional liens;
- transfer or sell assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates;
- make negative pledges; and
- designate any of our subsidiaries as unrestricted subsidiaries.

The credit agreement governing the ABL Facility also contains other covenants customary for asset-based facilities of this nature. Our ability to borrow additional amounts under the credit agreement governing the ABL Facility depends upon satisfaction of these covenants. Events beyond our control can affect our ability to meet these covenants.

Our failure to comply with obligations under the indentures governing our senior notes and the credit agreements governing the Senior Secured Credit Facilities may result in an event of default under those indentures or those credit agreements. A default, if not cured or waived, may permit acceleration of our indebtedness. We cannot be certain that we will have funds available to remedy these defaults. If our indebtedness is accelerated, we cannot be certain that we will have sufficient funds available to pay the accelerated indebtedness or that we will have the ability to refinance the accelerated indebtedness on terms favorable to us or at all. The operating and financial restrictions and covenants described above may adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability. Our indebtedness under the ABL Facility bears interest at variable rates and, to the extent the rate for deposits in U.S. dollars in the London interbank market (adjusted for maximum reserves) for the applicable interest period (LIBOR) exceeds 0.75%, our indebtedness under the Term Loan Facility bears interest at variable rates. As a result, increases in interest rates could increase the cost of servicing such debt and materially reduce our profitability and cash flows. As of December 31, 2017, assuming all ABL Facility revolving loans were fully drawn and LIBOR exceeded 0.75%; each percentage point increase in interest rates would result in an approximately $29.3 million increase in annual interest expense on the Senior Secured Credit Facilities. The impact of such an increase would be more significant for us than it would be for some other companies because of our substantial debt.

Risks Relating to our Common Stock

Anti-takeover provisions in our second amended and restated certificate of incorporation and amended and restated by-laws could discourage, delay or prevent a change of control of our company and may affect the trading price of our common stock. Our second amended and restated certificate of incorporation and second amended and restated by-laws include a number of provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. For example, our second amended and restated certificate of incorporation and amended and restated by-laws collectively:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- provide for the Company to be governed by Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"), which affords the Company certain antitakeover protections;
- currently provide for a classified Board of Directors, which divides our Board of Directors into three classes, with members of each class serving staggered three-year terms, which prevents stockholders from electing an entirely new Board of Directors at an annual meeting;
- limit the ability of stockholders to remove directors;
- prohibit stockholders from calling special meetings of stockholders;
- prohibit stockholder action by written consent, thereby requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common if the provisions are viewed as discouraging takeover attempts in the future.

Our second amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Our second amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, employees or agents, (iii) any action asserting a claim against us arising under the DGCL or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine. By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our second amended and restated certificate of incorporation related to choice of forum. The choice of forum provision in our second amended and restated certificate of incorporation may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Risks Related to Healthcare Regulation

If we fail to comply with applicable laws and regulations, we could suffer penalties or be required to make significant changes to our operations. The healthcare sector is heavily regulated, and we are required to comply with extensive and complex laws and regulations at the federal, state and local government levels relating to among other things:

- billing and coding for services, including documentation of care, appropriate treatment of overpayments and credit balances, and the submission of false statements or claims;
- relationships and arrangements with physicians, hospitals, vendors and other referral sources and referral recipients, including self-referral restrictions, prohibitions on kickbacks and other non-permitted forms of remuneration and prohibitions on the payment of inducements to Medicare and Medicaid beneficiaries in order to influence their selection of a provider;
- licensure, certification, enrollment in government programs and CON approval, including requirements affecting the operation, establishment and addition of services and facilities;
- the necessity, appropriateness, and adequacy of medical care, equipment, and personnel and conditions of coverage and payment for services;

- quality of care and data reporting;
- ownership of surgery centers;
- operating policies and procedures;
- qualifications, training and supervision of medical and support personnel;
- fee-splitting and the corporate practice of medicine;
- screening, stabilization and transfer of individuals who have emergency medical conditions;
- workplace health and safety;
- debt collection practices;
- communications with patients and consumers;
- anti-competitive conduct;
- confidentiality, maintenance, data breach, identity theft and security issues associated with health-related and other personal information and medical records; and
- environmental protection.

If we fail to comply with applicable laws and regulations, we could suffer civil or criminal penalties, including fines, damages, recoupment of overpayments, loss of licenses needed to operate, loss of enrollment and approvals necessary to participate in Medicare, Medicaid and other government and third-party healthcare programs, and exclusion from participation in Medicare, Medicaid and other government healthcare programs. Investors, officers and managing employees associated with entities found to have committed healthcare fraud may also be excluded from participation in government healthcare programs. Enforcement officials have numerous mechanisms to combat fraud and abuse. For example, they may bring civil actions under the Civil Monetary Penalty Law, which has a lower burden of proof than criminal statutes. Civil monetary penalties are adjusted annually based on updates to the Consumer Price Index and were recently increased under the Bipartisan Budget Act of 2018. Further, failure to bill properly for services or return overpayments and violations of other statutes, such as the federal Anti-Kickback Statute or the federal Stark Law, may be the basis for actions under the FCA or similar state laws.

Many of these laws and regulations are complex, broad in scope and have few or narrowly structured exceptions and safe harbors. Further, these laws and regulations are subject to ongoing interpretation by regulatory agencies and courts. New interpretations of existing requirements, new laws or regulations or the enforcement of existing or new laws and regulations could subject our current practices to allegations of impropriety or illegality or require us to make changes in our operations, facilities, equipment, personnel, services, capital expenditure programs or operating expenses to comply with evolving requirements. Any enforcement action against us, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. To avoid sanctions and end expensive enforcement actions, we may be required to enter into settlement agreements with the government. Typically, such settlement agreements require substantial payments to the government in exchange for the government to release its claims and may also require us to enter into a corporate integrity agreement that imposes extensive ongoing compliance obligations.

We cannot assure you that current or future legislative initiatives, government regulation or judicial or regulatory interpretations thereof will not have a material adverse effect on us. We cannot assure you that a review of our business by judicial, regulatory or accreditation authorities will not subject us to fines or penalties, require us to expend significant amounts, reduce the demand for our services or otherwise adversely affect our operations.

Our relationships with referral sources and recipients, including healthcare providers, facilities and patients, are subject to the federal Anti-Kickback Statute and similar state laws. The federal Anti-Kickback Statute prohibits healthcare providers and others from knowingly and willfully soliciting, receiving, offering or paying, directly or indirectly, any remuneration in return for, or to induce, referrals or orders for services or items covered by a federal healthcare program. Many of the states in which we operate also have adopted laws, similar to the federal Anti-Kickback Statute, that prohibit payments to physicians in exchange for referrals, some of which apply regardless of the source of payment for care. The federal Anti-Kickback Statute and similar state laws are broad in scope and many of their provisions have not been uniformly or definitively interpreted by case law or regulations. Courts have found a violation of the federal Anti-Kickback Statute if just one purpose of the remuneration is to generate referrals, even if there are other lawful purposes. Furthermore, knowledge of the law or intent to violate the law is not required to establish a violation of the federal Anti-Kickback Statute.

Congress and HHS have established narrow exceptions and safe harbor provisions that outline practices deemed protected from prosecution under the federal Anti-Kickback Statute. Many state laws restricting referrals do not contain exceptions or safe harbor provisions. While we endeavor to comply with applicable exceptions and safe harbors, certain of our current arrangements, including the ownership structures of our surgery centers, do not satisfy all of the requirements of a safe harbor. Failure to qualify for an exception or safe harbor does not mean the arrangement necessarily violates the federal Anti-Kickback Statute, but may subject the arrangement to greater scrutiny. Violations of the federal Anti-Kickback Statute and similar state laws may result in substantial civil or criminal penalties, exclusion from participation in the Medicare and Medicaid programs and loss of licensure, which could have a material adverse effect on our business.

We are required to comply with laws governing the transmission, security and privacy of health information. The HIPAA administrative simplification provisions require the use of uniform electronic data transmission standards for healthcare claims and payment transactions submitted or received electronically. In addition, as required by HIPAA, HHS has issued privacy and security regulations that extensively regulate the use and disclosure of protected health information or "PHI" and require covered entities, including healthcare providers and health plans, and vendors known as "business associates" to implement administrative, physical and technical safeguards to protect the security of PHI. Covered entities must report breaches of unsecured PHI without unreasonable delay to affected individuals, HHS and, in the case of larger breaches, the media. The privacy, security and breach notification regulations have imposed, and will continue to impose, significant compliance costs on our operations.

Violations of the HIPAA privacy and security regulations may result in criminal penalties and in substantial civil penalties. A covered entity may be subject to penalties as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity. The Department is required to perform compliance audits, and state attorneys general may enforce the HIPAA privacy and security regulations in response to violations that threaten the privacy of state residents.

There are numerous other laws and legislative and regulatory initiatives at the federal and state levels addressing privacy and security concerns. These laws vary and may impose additional obligations or penalties. For example, various state laws and regulations may require us to notify affected individuals in the event of a data breach involving individually identifiable information (even if no health-related information is involved). In addition, the FTC uses its consumer protection authority to initiate enforcement actions in response to data breaches. To the extent we fail to comply with one or more federal and/or state privacy and security requirements or if we are found to be responsible for the non-compliance of our vendors, we could be subject to substantial fines or penalties, as well as third-party claims which could have a material adverse effect on our financial position, results of operations and cash flows.

We are unable to predict the impact of health reform initiatives, including the Health Reform Law. Healthcare is subject to changing political, regulatory and other influences, which have resulted, and may continue to result, in reform initiatives that significantly impact healthcare providers. In particular, the Health Reform Law, as currently structured, expands coverage of uninsured individuals through the expansion of public programs and private sector health insurance reforms, and increases coverage of certain preventive services, including colonoscopies. We believe the Health Reform Law has resulted in an increased volume for certain procedures and in patients seeking care from us, but other provisions have reduced Medicare payments to ASCs and hospitals may indirectly impact payments received by our physician services business. In addition the Health Reform Law promotes efforts intended to transform Medicare from a passive volume-based payment system to an active purchaser of quality goods and services. ACOs, other coordinated care models and other efforts to promote value-based spending in Medicare and other programs may increase competition for patients and negatively impact our surgery centers and medical practices.

The President and certain members of Congress have indicated their intent to modify or repeal the Health Reform Law. In 2017, Congress eliminated the financial penalty associated with the individual mandate effective 2019, which may result in fewer individuals electing to purchase health insurance. Any government efforts related to health reform may have a material and adverse effect on our business, results of operations, cash flow, capital resources and liquidity. Moreover, the general uncertainty of health reform efforts, the Health Reform Law will be changed, and what and when alternative provisions if any, will be enacted may have a material and adverse impact our business, strategies, prospects, operating results or financial condition.

We have been and could become the subject of federal and state investigations and compliance reviews. Health care companies are subject to a high level of scrutiny by various governmental agencies and their agents. Both federal and state government agencies have heightened and coordinated civil and criminal enforcement efforts as part of numerous ongoing investigations of healthcare companies, as well as their executives and managers. These investigations relate to a wide variety of topics, including referral and billing practices. Further, the federal FCA permits private parties to bring *qui tam* or "whistleblower" lawsuits against companies. Some states have adopted similar state whistleblower and false claims provisions.

From time to time, the OIG and the Department of Justice have established national enforcement initiatives that focus on specific billing practices or other suspected areas of abuse. Some of our activities could become the subject of governmental investigations or inquiries. Our significant Medicare billings and joint venture arrangements involving physician investors may increase our exposure. We have, in past years, been the subject of investigations regarding its contracting processes and billing practices, ultimately resulting in two settlement agreements and CIAs. Our emergency department and hospitalist medicine service lines are currently subject to a CIA, which was established in connection with our final settlement with the DOJ on December 19, 2017 to resolve an investigation into emergency and hospitalist medicine facility contracting. In addition, our executives and managers, some of whom have worked at other healthcare companies that are or may become the subject of federal and state investigations and private litigation, could be included in governmental investigations or named as defendants in private litigation.

Governmental agencies and their agents conduct audits of health care providers, and private payers may conduct similar audits, investigations and monitoring activities. From time to time, we receive repayment demands from third-party payors based on allegations that our services were not medically necessary, were billed at an improper level, or otherwise violated applicable billing requirements. Our failure to comply with rules related to billing could result in, among other penalties, nonpayment for services rendered or refunds of amounts previously paid for such services. An investigation or audit of us, our executives or our managers could result in significant expense to us, adverse publicity, and divert management's attention from our business, regardless of the outcome, and could result in significant penalties. Depending on nature of the conduct and whether the underlying conduct under investigation or audit could be considered systemic, the resolution of any review could have a material adverse effect on our financial position, results of operations and liquidity.

Treatment methodologies and governmental or commercial health insurance controls designed to reduce spending on healthcare procedures may reduce our revenue and profitability. Controls imposed by Medicare and Medicaid, employer-sponsored healthcare plans and commercial health insurance payors designed to reduce the volume and costs of services provided to patients, in some instances referred to as "utilization review," could adversely affect our facilities and medical practices. Although we are unable to predict the effect these changes will have on our operations, significant limits on the scope of services reimbursed and on reimbursement rates and fees may reduce our revenue and profitability. Additionally, trends in treatment protocols and commercial health insurance plan design, such as plans that shift increased costs and accountability for care to patients, could favor lower intensity and lower cost treatment methodologies, each of which could, in turn, have a material adverse effect on our business, prospects, results of operations and financial condition.

If we are unable to timely enroll our physician services segment providers in the Medicare and Medicaid programs, or if we do not fully comply with requirements to provide notice or reapply to various licensure or other certification authorities in connection with changes in our ownership structure or operations, our collections and revenues may be harmed. We are required to enroll our physician services segment providers who are not otherwise already enrolled with Medicare and Medicaid in order to bill these programs for the physician services they provide. With respect to Medicare, providers can retrospectively bill Medicare for services provided 30 days prior to the effective date of the enrollment. In addition, the enrollment rules provide that the effective date of the enrollment will be the later of the date on which the enrollment application was filed and approved by the Medicare contractor, or the date on which the provider began providing services. If we are unable to properly enroll physicians and other applicable healthcare professionals within the 30 days after the provider begins providing services, we will be precluded from billing Medicare for any services which were provided to a Medicare beneficiary more than 30 days prior to the effective date of the enrollment. With respect to Medicaid, new enrollment rules and whether a state will allow providers to retrospectively bill Medicaid for services provided prior to submitting an enrollment application varies by state. Failure to timely enroll providers could reduce our physician services segment net revenue and have a material adverse effect on the business, financial condition or results of operations of our physician services segment.

The Health Reform Law, as currently structured, added additional enrollment requirements for Medicare and Medicaid, which have been further enhanced through implementing regulations and increased enforcement scrutiny. Every enrolled provider must revalidate its enrollment at regular intervals and must update the Medicare contractors and many state Medicaid programs with significant changes on a timely basis. If we fail to provide sufficient documentation as required to maintain our enrollment, Medicare and Medicaid could deny continued future enrollment or revoke our enrollment and billing privileges.

The requirements for enrollment, licensure, certification, and accreditation may include notification or approval in the event of a transfer or change of ownership or certain other changes. Other agencies or payors with which we have contracts may have similar requirements, and some of these processes may be complex. Failure to provide required notifications or obtain necessary approvals may result in the delay or inability to complete an acquisition or transfer, loss of licensure, lapses in reimbursement, or other penalties. While we make reasonable efforts to substantially comply with these requirements, we cannot assure you that the agencies that administer these programs or have awarded us contracts will not find that we have failed to comply in some material respects. A finding of non-compliance and any resulting payment delays, refund demands or other sanctions could have a material adverse effect on our business, financial condition or results of operations.

Laws and regulations impacting our arrangements with healthcare professionals and entities may cause us to restructure such arrangements, incur additional costs, lose contracts or suffer reductions under existing contracts. A number of laws bear on our relationships with healthcare professionals and entities. For example, corporate practice of medicine laws generally prohibit the practice of medicine by lay entities or persons in order to prevent interference with independent medical judgment. These laws, which vary by state, may also prevent the sharing of professional services income with non-professional or business interests.

Some of our contracts with healthcare professionals and entities include provisions preventing these individuals and entities from competing with us both during and after the term of our contract with them. The laws governing non-compete agreements and other forms of restrictive covenants vary from state to state. Some jurisdictions prohibit us from using non-compete covenants with our professional staff, while others are reluctant to strictly enforce non-compete agreements and restrictive covenants, especially when applied to healthcare providers. Additionally, certain facilities have the right to employ or engage our providers after the termination or expiration of our contract with those facilities, which limits our ability to enforce our non-compete provisions with regard to those providers.

There is a risk that authorities in some jurisdictions may take the position, or private litigants may allege, that our contractual relationships violate applicable laws. There can be no assurance that our non-compete agreements related to healthcare professionals and entities will not be successfully challenged as unenforceable in certain states. In such event, we would be unable to prevent the physicians or other parties to these agreements from competing with us, potentially resulting in the loss of some of our contracts or other business. Any adverse interpretations or changes could force us to restructure our relationships with physicians, other clinical employees, professional corporations or our hospital customers, or to restructure our operations. This could cause our operating costs to increase significantly. A restructuring could also result in a loss of contracts or a reduction in revenue under existing contracts.

Item 1B. Unresolved Staff Comments: Not applicable.

Item 2. Properties

Our principal executive offices are located in Nashville, Tennessee and Greenwood Village, Colorado. Our Nashville, Tennessee executive offices contain approximately 110,000 square feet of office space, which we lease from a third-party pursuant to an agreement with an initial term expiring in 2030. Our Greenwood Village, Colorado office contains approximately 77,000 square feet of office space, which we lease from a third-party pursuant to an agreement with an initial term expiring 2030. Following the divestiture of AMR, our medical transportation business, we anticipate that the Greenwood Village property will be subleased to AMR and our principal executive offices will be located in Nashville, Tennessee. We also have regional offices in Plantation, Florida that contain an aggregate of approximately 222,000 square feet of office space, which we lease from a third-party pursuant to an agreement in which the initial term expires in 2029, and in Dallas, Texas that contain approximately 182,000 square feet of office space, which we lease from a third party pursuant to an agreement in which the initial term expires in 2024. We also lease and own additional office space for administrative, billing and other support functions for other regional operations and billing services. Our affiliated limited partnerships and limited liability companies lease space for their surgery centers ranging from approximately 1,000 to 25,000 square feet, with expected remaining lease terms ranging from 1 to 20 years. We believe our present facilities are sufficient to meet our current and projected needs and that suitable space is readily available should our need for space increase.

Item 3. Legal Proceedings

We are subject to litigation arising in the ordinary course of our business, including litigation principally relating to professional liability, auto accident and workers' compensation claims. There can be no assurance that our insurance coverage and self-insured liabilities will be adequate to cover all liabilities occurring out of such claims. From time to time, in the ordinary course of business and like others in our sector, we receive requests for information from government agencies in connection with their regulatory or investigational authority. Such requests can include subpoenas or demand letters for documents to assist the government in audits or investigations. We review such requests and notices and take appropriate action. We have been subject to certain requests for information and investigations in the past and could be subject to such requests for information and investigations in the future. In the opinion of management, we are not engaged in any legal proceedings that we expect will have a material adverse effect on our business, financial condition, cash flows or results of our operations, other than as set forth below.

On December 19, 2017, we agreed to a final settlement with the Department of Justice to resolve the previously disclosed government investigation into physician services provided by our EmCare subsidiary at hospitals affiliated with Health Management Associates, Inc. We agreed to pay approximately $31 million to resolve all federal government civil claims related to this matter, avoiding further expense and potential distraction from protracted litigation. The settlement of the federal government's claims does not constitute an admission or determination of improper conduct in the matter. In connection with the resolution of this matter, we agreed to enter into a CIA with the OIG, which is customary at the conclusion of many government healthcare investigations. For additional information regarding our obligations under the CIA, see "Item 1. Business- Corporate Compliance Program and Corporate Integrity Obligations."

On August 4, 2017, a shareholder filed a purported class action in the United States District Court for the Middle District of Tennessee (M.D. Tenn.) against the Company and several of our officers and former officers alleging that we and the individual defendants violated the federal securities laws by making allegedly false and misleading statements and failing to disclose certain information. On September 29, 2017, and October 23, 2017, respectively, two purported class actions were filed in the same court making similar allegations. The Court subsequently consolidated these cases into a single action. On November 20, 2017, a shareholder filed a purported class action in the M.D. Tenn. against the Company and our Board. The plaintiff generally alleges that we and/or certain of our officers breached various fiduciary duties and violated the federal securities laws. On December 12, 2017, and December 15, 2017, respectively, two purported class actions were filed in the same court raising essentially the same allegations. We believe these claims are without merit and intend to vigorously defend these actions. Given the preliminary stage of these matters, we are unable to estimate the amount of potential damages, if any.

Item 4. Mine Safety Disclosures: Not applicable.

PART II

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

Our common stock trades under the symbol "EVHC" on the New York Stock Exchange.

From January 1, 2016 through December 1, 2016, the stock that traded was AmSurg Corp. common stock under the symbol "AMSG" on the Nasdaq Global Select Market. AmSurg was the accounting acquirer in the Merger. On December 2, 2016 our common stock began trading on the New York Stock Exchange under the symbol "EVHC." The following table sets forth the high and low sales prices per share for the common stock for each of the quarters in 2016 and 2017, as reported on the Nasdaq Global Select Market and the New York Stock Exchange:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2016:				
High	$ 78.88	$ 83.27	$ 81.34	$ 74.75
Low	$ 60.01	$ 72.03	$ 61.20	$ 57.32
2017:				
High	$ 73.00	$ 64.00	$ 63.31	$ 45.97
Low	$ 60.96	$ 53.12	$ 42.50	$ 23.77

At February 14, 2018, there were approximately 38,700 holders of our common stock, including 775 stockholders of record. We have never declared or paid a cash dividend on our common stock. We intend to retain our earnings to finance the growth and development of our business and do not expect to declare or pay any cash dividends on our common stock in the foreseeable future. The declaration of dividends is within the discretion of our Board of Directors, subject to certain covenants contained in our debt instruments, which limit our ability to pay dividends, subject to certain exceptions.

Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (2)
October 1, 2017 through October 31, 2017	258	$ 43.60	—	$ —
November 1, 2017 through November 30, 2017	—	—	—	—
December 1, 2017 through December 31, 2017	—	—	—	—
Total	258	$ 43.60	—	$ —

(1) During the three months ended December 31, 2017, we repurchased 258 shares with a value of approximately $10 thousand dollars to cover payroll withholding taxes in connection with the vesting of restricted stock awards under the Envision Healthcare Corporation 2014 Equity and Incentive Plan.

(2) On September 17, 2017, the Board authorized a stock repurchase program that authorizes the Company to repurchase up to $250 million of its common stock. See "Management's Discussion & Analysis - Liquidity and Capital Resources" for further discussion of this authorization.

The following tables summarize selected consolidated financial data and should be read in conjunction with our Consolidated Financial Statements and Notes thereto and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein. We derived the consolidated statements of operations and consolidated statements of cash flows data for the years ended December 31, 2017, 2016 and 2015 and the consolidated balance sheet data as of December 31, 2017 and 2016 from the consolidated financial statements included herein. We derived the consolidated statements of income and consolidated statements of cash flows data for the years ended December 31, 2014 and 2013 and the consolidated balance sheet data as of December 31, 2015, 2014 and 2013 from audited historical AmSurg consolidated financial statements not included in this report. AmSurg was the accounting acquirer in the Merger. The historical consolidated financial statements of the Company reflect the operations of AmSurg for periods prior to the Merger, which occurred on December 1, 2016. Subsequent to the Merger, the Company's financial statements include the operations of AmSurg and EHH. The Merger was the primary reason for the changes in the selected financial data beginning in fiscal 2016 as compared to prior years due to the size and timing of the transaction. The selected financial data for 2014 includes the results of operations of Sheridan Healthcare, Inc. and its consolidated subsidiaries for the period from July 16, 2014 (the date AmSurg acquired Sheridan) through December 31, 2014. Our results of operations shown below may not be indicative of future results. Certain prior year amounts below have been reclassified to reflect the impact of discontinued operations.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in millions, except per share amounts)				
Consolidated Statement of Operations Data:					
Net revenue [1]	$ 7,819.3	$ 3,497.9	$ 2,566.9	$ 1,621.9	$ 1,057.2
Operating expenses	7,649.9	3,157.4	2,002.3	1,238.0	730.0
Net gain (loss) on disposals and deconsolidations [2]	(2.4)	5.7	36.7	3.4	2.2
Equity in earnings of unconsolidated affiliates	22.2	23.7	16.2	7.1	3.2
Operating income	189.2	369.9	617.5	394.4	332.6
Interest expense, net	231.1	142.4	121.5	83.3	29.5
Debt extinguishment costs	—	30.3	—	16.9	—
Other income, net	11.0	1.0	—	—	—
Earnings (loss) from continuing operations before income taxes	(30.9)	198.2	496.0	294.2	303.1
Income tax expense (benefit) [3]	(496.8)	(3.3)	113.8	48.1	48.7
Net earnings from continuing operations	465.9	201.5	382.2	246.1	254.4
Net earnings (loss) from discontinued operations [4]	(491.9)	4.0	(1.0)	(1.3)	7.1
Net earnings (loss)	(26.0)	205.5	381.2	244.8	261.5
Less net earnings attributable to noncontrolling interests	202.0	224.1	218.2	191.1	188.8
Net earnings (loss) attributable to Envision Healthcare Corporation stockholders	(228.0)	(18.6)	163.0	53.7	72.7
Preferred stock dividends	(4.5)	(9.1)	(9.1)	(4.5)	—
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (232.5)	$ (27.7)	$ 153.9	$ 49.2	$ 72.7
Amounts attributable to Envision Healthcare Corporation common stockholders:					
Earnings (loss) from continuing operations, net of tax	$ 259.4	$ (31.7)	$ 154.9	$ 50.8	$ 71.0
Earnings (loss) from discontinued operations, net of tax	(491.9)	4.0	(1.0)	(1.6)	1.7
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (232.5)	$ (27.7)	$ 153.9	$ 49.2	$ 72.7
Basic earnings (loss) per share attributable to Envision Healthcare Corporation common stockholders:					
Net earnings (loss) from continuing operations	$ 2.19	$ (0.54)	$ 3.22	$ 1.29	$ 2.27
Net earnings (loss)	$ (1.96)	$ (0.47)	$ 3.20	$ 1.25	$ 2.32
Diluted earnings (loss) per share attributable to Envision Healthcare Corporation common stockholders [5]:					
Net earnings (loss) from continuing operations	$ 2.14	$ (0.54)	$ 3.18	$ 1.28	$ 2.22
Net earnings (loss)	$ (1.93)	$ (0.47)	$ 3.16	$ 1.24	$ 2.28
Weighted average number of shares and share equivalents outstanding (in thousands):					
Basic	118,397	59,002	48,058	39,311	31,338
Diluted [5]	120,943	59,002	51,612	39,625	31,954

Appendix C

	Year Ended December 31,				
	2017	2016	2015	2014	2013
			(In millions)		
Consolidated Balance Sheet and Cash Flow Data:					
Cash and cash equivalents [6]	$ 312.2	$ 316.9	$ 106.7	$ 208.1	$ 50.8
Working capital [6]	996.5	955.3	151.8	278.1	121.2
Total assets [7]	16,572.6	16,708.9	6,499.3	5,446.6	2,167.1
Long-term debt and other long-term liabilities, net of deferred financing costs	6,413.2	5,892.6	2,405.6	2,267.2	597.9
Non-redeemable and redeemable noncontrolling interests [8]	829.4	839.7	647.0	602.8	539.1
Envision Healthcare Corporation stockholders' equity	6,527.1	6,731.1	2,293.4	1,679.5	764.2
Cash flows provided by operating activities [9]	797.4	419.8	538.0	424.8	332.8
Cash flows used in investing activities	(982.1)	(303.7)	(1,016.8)	(2,225.1)	(98.7)
Cash flows provided by (used in) financing activities	205.3	108.8	377.4	1,957.6	(229.6)

(1) Comparability of revenue is impacted by the Merger completed December 1, 2016, the acquisition of Sheridan completed July 16, 2014 and other acquisitions. See Note 4 to the "Consolidated Financial Statements" included in Item 8 of this Form 10-K for the impact of acquisitions on net revenue.
(2) The net gain on disposals and deconsolidations primarily results from transactions in which we have sold or contributed all or a portion of our equity interests into new unconsolidated investments, primarily in our ambulatory services segment. See Note 9 to the "Consolidated Financial Statements" included in Item 8 of this Form 10-K.
(3) Includes a benefit of $596.6 million related to tax reform in 2017.
(4) Amounts have been restated in 2016 for the medical transportation business and discontinued operations.
(5) See Note 20 to the "Consolidated Financial Statements" included in Item 8 of this Form 10-K for a reconciliation of amounts used in diluted earnings per share for the years ended 2017, 2016 and 2015.
(6) Excludes amounts related to discontinued operations.
(7) Amount includes $2.75 billion and $3.04 billion related to assets held for sale as of December 31, 2017 and 2016, respectively.
(8) See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies."
(9) Amounts from cash flows include the operations related to the discontinued operations business for 2017 and 2016.

Forward-Looking Statements

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements, including the notes thereto, and the "Selected Financial Data" included in this Annual Report. The following discussion contains certain forward-looking statements within the meaning of the federal securities laws, which are intended to be covered by the safe harbors created thereby. Actual results could differ materially and adversely from those contemplated by any forward-looking statement. Forward-looking statements and our liquidity, financial condition and results of operations may be affected by the risks set forth in Item 1A. Risk Factors or by other unknown risks and uncertainties.

Executive Overview

We are a nationwide provider of healthcare services, offering a highly differentiated array of clinical solutions, including physician-led services, ambulatory services and post-acute services. The Company was formed on June 10, 2016 for the purpose of effecting the Merger. Prior to the Merger, the Company did not conduct any activities other than those incidental to its formation and matters in connection with the consummation of the Merger on December 1, 2016. In connection with the Merger, (i) AmSurg merged with and into the Company, a wholly owned subsidiary of AmSurg, with the Company as the surviving entity and (ii) EHH merged with and into the Company, with the Company as the surviving entity. While the Merger was a merger of equals of AmSurg and EHH, AmSurg was the accounting acquirer in the Merger; therefore, the historical consolidated financial statements of AmSurg for periods prior to the Merger are considered to be the historical financial statements of the Company. The Company's consolidated financial statements reflect AmSurg's results for the period from January 1, 2016 to November 30, 2016, and the Company's results for the period from December 1, 2016 to December 31, 2016 and for the year ended December 31, 2017. The Company's consolidated balance sheet as of December 31, 2016 reflects the full consolidation of EHH's assets and liabilities. The Company accounted for the Merger using the acquisition method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 805, "Business Combinations" (ASC 805).

Following the completion of the Merger, we had three reportable segments: physician services, medical transportation and ambulatory services. The physician services segment reflects the combination of AmSurg's physician services segment and EHH's physician services segment while the ambulatory services segment reflects AmSurg's ambulatory services segment. During 2017, the Board approved a plan to actively market and divest the American Medical Response (AMR) business. Accordingly, the results of the medical transportation business have been recorded in discontinued operations for the years ended December 31, 2017 and 2016, those and assets and liabilities have been recorded as held for sale as of December 31, 2017 and December 31, 2016. The medical transportation business is no longer a separate reportable segment. On August 7, 2017, we executed a definitive agreement to sell the medical transportation business to an entity controlled by funds affiliated with KKR & Co. L.P. for approximately $2.40 billion in cash. The transaction is subject to regulatory approval and customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act. We received a second request from the FTC asking for further information related to the transaction, and the buyer has agreed to certain divestiture remedies to address concerns raised by the FTC. We expect that the transaction will be completed during the first quarter of 2018.

Review of Strategic Alternatives

On October 31, 2017, we announced that the Board, in consultation with management and financial and legal advisors, had unanimously initiated a full review of a broad range of strategic alternatives to enhance shareholder value. The Board has not set a timetable for completion of its review. There can be no assurance that this review will result in a transaction or other alternatives of any kind, or if such strategic alternative does occur, that it will successfully enhance shareholder value.

Physician Services Overview

At December 31, 2017, we delivered physician services, primarily in the areas of emergency department and hospitalist services, anesthesiology services, radiology/tele-radiology services, and children's services to more than 1,800 clinical departments in healthcare facilities in 45 states and the District of Columbia, with a significant presence in Arizona, California, Florida, New Jersey and Texas. At December 31, 2017, we employed more than 25,200 physicians and other healthcare professionals in our physician services business. We receive reimbursement from third-party payors primarily for fee for service medical services rendered by our affiliated healthcare professionals and other employees to the patients who receive medical treatment at these facilities. In certain cases, in addition to this primary form of reimbursement, we also receive contract revenue directly from the facilities where we perform our services through a variety of payment arrangements that supplement payments from third-party payors. We also provide physician services and manage office-based practices in the areas of pain management, gynecology, obstetrics and perinatology.

Ambulatory Services Overview

We acquire, develop and operate surgery centers in partnership with physicians. Our surgery centers are typically located adjacent to or in close proximity to the medical practices of our partner physician and health systems. At December 31, 2017, we operated 264 ASCs in 35 states and the District of Columbia with approximately 2,000 physician partners and 1,000 other affiliated physicians who utilize our centers. We generally own a majority interest, primarily 51%, in the surgery centers we operate. We also own a minority interest in certain surgery centers in partnership with leading health systems and physicians, and intend to continue to pursue such partnerships.

Health Care Reform and Government Sponsored Programs

Our physician services and ASC businesses depend upon third-party reimbursement programs, including governmental and private insurance programs, to pay for substantially all of the services rendered to patients. For the year ended December 31, 2017, we derived approximately 28% of our physician services and 27% of our ambulatory services net revenue from governmental healthcare programs, primarily Medicare and Medicaid programs, and the remainder from a wide mix of commercial payors and patient co-pays and deductibles. The Medicare program currently reimburses physician practices and ASCs primarily in accordance with predetermined fee schedules. We are not required to file cost reports and, accordingly, we have no unsettled amounts from governmental third-party payors.

The payments we receive under government healthcare programs are often less than our standard charges for the healthcare services provided. Furthermore, reimbursement payments under federally-funded healthcare programs are subject to across-the-board spending cuts to the federal budget imposed by the Budget Control Act of 2011. These spending cuts, commonly referred to as "sequestration," may not be more than 2% for a federal fiscal year (FFY). The sequestration cuts have been extended through FFY 2027. In addition, the Health Reform Law contains a number of provisions designed to reduce Medicare program spending. We cannot predict what other deficit reduction initiatives may be proposed by Congress.

Physician services payment. Medicare pays for physician services based upon the Medicare Physician Fee Schedule (MPFS), which contains a list of uniform payment rates. These payment rates are determined based on national relative value units (RVU), which CMS assigns to most medical procedures and services in an effort to capture the various resources required by a physician to provide the service relative to all other services. Each RVU is calculated based on a combination of work required in terms of time and intensity of effort for the service, practice expense attributable to the service and malpractice insurance expense attributable to the service. The work, practice expense, and malpractice insurance elements are each modified by a geographic adjustment factor to account for local practice costs and then aggregated. MACRA provides for an increase of 0.5% to the MPFS reimbursement rate for calendar year 2018, partially offset by various adjustments and policy updates. In 2018, after accounting for various adjustments, payment rates under the MPFS will be 0.41% more than 2017 payment rates.

In addition, MACRA required the establishment of the Quality Payment Program (QPP), a payment methodology intended to reward high-quality patient care. Beginning in 2017, physicians and certain other health care clinicians are required to participate in one of two QPP tracks. Under both tracks, as currently structured, performance data collected in 2017 will affect Medicare payments in 2019, and performance data collected in 2018 will affect Medicare payments in 2020. CMS expects to transition increasing financial risk to providers as the QPP evolves. The Advanced Alternative Payment Model (Advanced APM) track makes incentive payments available for participation in specific innovative payment models approved by CMS. Providers may earn a 5% Medicare incentive payment between 2019 and 2024 and will be exempt from the reporting requirements and payment adjustments imposed under the Merit-Based Incentive Payment System (MIPS) if the provider has sufficient participation (based on percentage of payments or patients) in an Advanced APM. Alternatively, providers may participate in the MIPS track. Providers electing this option may receive payment incentives or be subject to payment reductions of up to 5% of the provider's Medicare payments based on their performance with respect to clinical quality, resource use, clinical improvement activities, and meaningful use of EHRs. The adjustment percentage will increase incrementally, up to 9%, by 2022. MIPS consolidates components of several previously established physician incentive programs: the Physician Quality Reporting System, the Physician Value-Based Payment Modifier, and the Medicare EHR Incentive Program.

ASC payments. Medicare reimburses facility services provided by ASCs under a system that is primarily linked to HOPD payments, which are set under the hospital outpatient prospective payment system (OPPS). Reimbursement rates for ASCs are updated annually based on a conversion rate that accounts for changes in the consumer price index and a productivity adjustment. For 2017, CMS increased ASC reimbursement rates by 1.9%, which did not have a significant impact on our 2017 ambulatory services revenues. However, based on our current procedure mix, the impact of these rate adjustments resulted in a reduction in our ambulatory services revenue of approximately $2.5 million in 2017. For 2018, CMS increased ASC reimbursement rates by 1.2%, which we believe will positively impact our 2018 ambulatory services revenue by approximately $5.6 million based on our current procedure mix.

Health reform. In recent years, the U.S. Congress and certain state legislatures have passed a large number of laws and regulations intended to result in significant change across the healthcare industry. The most prominent of these reform efforts, the Health Reform Law, expands health insurance coverage through a combination of public program expansion and private sector health reforms.

We believe that health insurance market reforms that expand health insurance coverage have resulted in increased volumes of certain procedures. However, the future of the Health Reform Law is uncertain as a result of efforts by the presidential administration and certain members of Congress to repeal, revise or replace the Health Reform Laws, its implementation or its interpretation through legislative or executive action. For example, in 2017, Congress eliminated the financial penalty associated with the individual mandate, effective January 2019, which may decrease the number of individuals who elect to purchase health insurance. The impact of repeal or any such changes to the Healthcare Reform Law on the healthcare industry and our business is unknown, other industry participants, such as private payors and large employer groups and their affiliates, may also introduce financial or delivery system reforms. We are unable to predict the nature and success of such initiatives.

Recent Accounting Pronouncements

See Note 1 in the Notes to the Consolidated Financial Statements.

Critical Accounting Policies

Our accounting policies are described in the notes of our consolidated financial statements. We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States, which require us to 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. We consider the following policies to be most critical in understanding the judgments that are involved in preparing our financial statements and the uncertainties that could impact our results of operations, financial condition and cash flows.

Principles of Consolidation

The consolidated financial statements include our accounts, our wholly owned subsidiaries and VIEs that we are the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

Agreements in our physician services segment with professional associations or corporations (PCs) provide that the term of the arrangements is permanent, subject only to termination by us, except in the case of gross negligence, fraud or bankruptcy by us. The PC structure is necessary in states which prohibit the corporate practice of medicine but this structure is utilized by us in the majority of our physician practices regardless of the state the PC operates. The arrangements are captive in nature as a majority of the outstanding voting equity instruments of the PCs are owned by nominee shareholders appointed at our sole discretion. The nominee shareholder is a medical doctor who is generally a senior corporate employee for us. We have a contractual right to transfer the ownership of the PCs at any time to any person we designate as the nominee shareholder. We have the right to all assets and to receive income, both as ongoing fees and as proceeds from the sale of any interest in the PCs, in an amount that fluctuates based on the performance of the PCs and the change in the fair value of the interest in the PCs. We have exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the PCs and have established guidelines for the employment and compensation of the physicians and other employees of the PCs, which is consistent with the operation of our wholly owned subsidiaries. Based on the provisions of these agreements, we have determined that the PCs are variable interest entities and that we are the primary beneficiary as defined in ASC 810 "Consolidations."

Within our ambulatory services segment, consolidation of our LLCs and LPs is generally necessary as our wholly owned subsidiaries have primarily 51% or more of the financial interest, are generally the general partner or majority member with all the duties, rights and responsibilities thereof, are responsible for the day-to-day management of the LLCs and LPs and thereby control the most significant economic activitites. The responsibilities of our noncontrolling partners (limited partners and noncontrolling members) are to supervise the delivery of medical services, with their rights being restricted to those that protect their financial interests, such as approval of the acquisition of significant assets or the incurrence of debt which they are generally required to guarantee on a pro rata basis based upon their respective ownership interests. Intercompany profits, transactions and balances are eliminated. We also have ownership in LLCs and LPs that we do not consolidate, regardless of the existence of a variable interest, as we are not the primary beneficiary of these entities due to the lack of power to direct the activities that most significantly impact the entities' economic performance.

We identify and present ownership interests in subsidiaries held by noncontrolling parties within the equity section of our consolidated financial statements, but separately from our equity. However, in instances in which certain redemption features that are not solely within our control are present, classification of noncontrolling interests outside of permanent equity is required. The amounts of consolidated net income attributable to us and to the noncontrolling interests are identified and presented on the face of the consolidated statements of operations; changes in ownership interests are accounted for as equity transactions; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary is measured at fair value. Lastly, the cash flow impact of certain transactions with noncontrolling interests is classified within financing activities.

Upon the occurrence of various fundamental regulatory changes, we would be obligated under the terms of certain of our partnership and operating agreements from our ambulatory services segment to purchase the noncontrolling interests in a substantial amount of our partnerships. We believe that the likelihood of a future change in current law that would trigger such purchases was remote as of December 31, 2017, and the occurrence of such regulatory changes is outside of our control. As a result, these noncontrolling interests that are subject to this redemption feature are not included as part of our equity and are classified as noncontrolling interests – redeemable on our consolidated balance sheets.

ASC profits and losses are allocated to our partners in proportion to their ownership percentages and reflected in the aggregate as net earnings attributable to noncontrolling interests. The partners of our ASC partnerships typically are organized as general partnerships, limited partnerships or limited liability companies that are not subject to federal income tax. Each partner shares in the pre-tax earnings of the center in which it is a partner. Accordingly, the earnings attributable to noncontrolling interests in each of our consolidated partnerships are generally determined on a pre-tax basis. Total net earnings attributable to noncontrolling interests are presented after net earnings (loss). However, we consider the impact of the net earnings attributable to noncontrolling interests on earnings before income taxes in order to determine the amount of pre-tax earnings (loss) on which we must determine our tax expense. In addition, distributions from the partnerships are made to both our wholly owned subsidiaries and the partners on a pre-tax basis.

For all of our segments, the investments in unconsolidated affiliates in which we exert significant influence but do not control or otherwise consolidate are accounted for using the equity method. These investments are included as investments in unconsolidated affiliates in our consolidated balance sheets. Our share of the profits and losses from these investments are reported in equity in earnings of unconsolidated affiliates in our consolidated statements of operations. We monitor each investment for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the company and record a reduction in carrying value when necessary.

Revenue Recognition

Our revenue primarily consists of fee for service revenue and is derived principally from the provision of physician services to patients of the healthcare facilities and communities we serve and from facility fees for the procedures performed at our surgery centers. Contract revenue represents income earned from our hospital customers to supplement payments from third-party payors.

Revenue is billed to patients for services provided, and we receive payments for these services from patients or third-party payors. Payments for services provided are generally less than our billed charges. We recognize fee for service revenue, net of contractual adjustments and provision for uncollectibles, at the time services are provided by healthcare providers. We also recognize revenue for services provided during the period but are not yet billed. We record revenue net of an allowance for contractual adjustments, which represents the net revenue we expect to collect from third-party payors (including managed care, commercial and governmental payors such as Medicare and Medicaid) and patients insured by these payors. We record net revenue from uninsured patients at its estimated realizable value, which includes a provision for uncollectible balances, based on historical cash collections (net of recoveries). These expected collections are based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient's healthcare plans, mandated payment rates in the case of Medicare and Medicaid programs and historical cash collections (net of recoveries).

Our billing and accounting systems provide us historical trends of cash collections and contractual write-offs, accounts receivable agings and established fee adjustments from third-party payors. These estimates are recorded and monitored monthly as revenues are recognized. These estimates are not, however, established from billing system generated contractual adjustments based on fee schedules for the patient's insurance plan for each patient encounter.

Contract and other revenue primarily represents income earned from healthcare facilities and medical centers to supplement third-party and patient reimbursement and contract staffing assignments. The transaction price for these arrangements may be fixed or variable, with determination periods ranging from one month to 18 months. In these instances, we expect to estimate variable compensation at contract commencement and recognize revenue monthly on a straight-line basis, which correlates with the performance obligation to stand ready.

Estimating net revenue is a complex process, largely due to the volume of transactions, the number and complexity of contracts with payors, the limited availability, at times, of certain patient and payor information at the time services are provided and the length of time it takes for collections to fully mature. In the period services are provided, we estimate gross charges based on billed services plus an estimate for unbilled services based on pending case data collected, we estimate contractual allowances based on our contracted rates and historical or actual cash collections (net of recoveries), when available, and we estimate our provision for uncollectibles based on historical cash collections (net of recoveries) from uninsured patients. The relationship between gross charges and the allowances for both contractual adjustments and provision for uncollectibles is significantly influenced by payor mix, as collections on gross charges may vary significantly depending on whether and with whom the patients we provide services to in the period are insured, and the contractual relationships with their payors. Payor mix is subject to change as additional patient and payor information is obtained after the period services are provided. We periodically assess the estimates of unbilled revenue, contractual adjustments, provision for uncollectibles and payor mix for a period of at least one year following the date of service by analyzing actual results, including cash collections, against estimates. Changes in these estimates are charged or credited to the consolidated statements of operations in the period that the assessment is made.

Significant changes in payor mix, changes in contractual arrangements with payors, specialty mix, acuity, business office operations, general economic conditions and health care coverage provided by federal or state governments or private insurers may have a significant impact on our estimates and significantly affect our results of operations and cash flows. Concentration of credit risk with respect to other payors is limited due to the large number of such payors.

Allowance for Contractual Adjustments, Provision for Uncollectibles and Bad Debt Expense

We manage accounts receivable by regularly reviewing our accounts and contracts and by providing appropriate allowances for contractual adjustments and uncollectible amounts. Our provision for uncollectibles includes our estimate of uncollectible balances due from uninsured patients, uncollectible co-pay and deductible balances due from insured patients and special charges, if any, for uncollectible balances due from managed care, commercial and governmental payors. Some of the factors considered by management in determining the amount of such allowances are the historical trends of cash collections, contractual and bad debt write-offs, accounts receivable agings, established fee schedules, contracts with payors, changes in payor mix and procedure statistics. Assessment of actual collections of accounts receivable in subsequent periods may require changes in the estimated contractual allowance and provision for uncollectibles. We routinely test our analysis by comparing cash collections to net patient revenues and monitoring self-pay utilization. In addition, when actual collection percentages differ from expected results, for each facility or contract, supplemental detailed reviews of the outstanding accounts receivable balances may be performed by us to determine whether there are facts and circumstances existing that may cause a different conclusion as to the estimate of the collectability of that contract's accounts receivable from the estimate resulting from using the historical collection experience. We may also supplement our allowance for doubtful accounts policy by using a hindsight calculation that utilizes write-off data for all payor classes during the previous periods to estimate the allowance for doubtful accounts at a point in time. Material changes in estimate may result from unforeseen write-offs of patient or third-party accounts receivable, unsuccessful disputes with managed care payors, adverse macro-economic conditions which limit patients' ability to meet their financial obligations for the care provided by physicians, or broad changes to government regulations that adversely impact reimbursement rates for services provided by us.

Due to the nature of our ambulatory services segment operations, we are required to separate the presentation of the bad debt expense on our consolidated statements of operations. We record the portion of our bad debts associated with our physician services segment as a component of net revenue in our consolidated statements of operations, and the remaining portion, which is associated with our ambulatory services segment, is recorded as a component of other operating expenses in our consolidated statements of operations. The bifurcation is a result of our ability to assess the ultimate collection of the patient service revenue associated with our ambulatory services segment before services are provided. Our ambulatory services segment is generally able to verify a patient's insurance coverage and ability to pay before services are provided as those services are pre-scheduled and non-emergent. Our ability to accurately estimate contractual adjustments is dependent upon and supported by the fact that our surgery centers perform and bill for limited types of procedures, that the range of reimbursement for those procedures within each surgery center specialty is very narrow and that payments are typically received within 15 to 45 days of billing. In addition, our surgery centers are not required to file cost reports, and therefore, we have no risk of unsettled amounts from governmental third-party payors. Except in certain limited instances, these estimates are not, however, established from billing system-generated contractual adjustments based on fee schedules for the patient's insurance plan for each patient encounter. Bad debt expense for ambulatory services is included in other operating expenses and was $25.2 million, $24.5 million and $21.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

While we believe that our allowances for contractual adjustments, provision for uncollectibles and bad debt expense are adequate, if the actual contractual adjustments and write-offs are in excess of our estimates, our results of operations may be overstated. During the years ended December 31, 2017, 2016 and 2015, we had no significant adjustments to our allowances for contractual adjustments, provisions for uncollectibles and bad debt expense related to prior periods. At December 31, 2017 and 2016, our allowances for doubtful accounts were $2.55 billion and $584.0 million, respectively. The significant increase in the allowance is primarily a result of the Merger, which represents $1.87 billion and the related higher concentration of uninsured patients from EHH's historical business mix and from the operations of recent acquisitions completed during 2016 and 2017.

Business Combinations

We record tangible and intangible assets acquired and liabilities assumed in business combinations under the acquisition method of accounting. Amounts paid for each acquisition are allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition. We then allocate the purchase price in excess of net tangible assets acquired to identifiable intangible assets based on detailed valuations that use information and assumptions provided by management. We allocate any excess purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed to goodwill. If the fair value of the assets acquired exceeds our purchase price, the excess is recognized as a gain. Significant management judgments and assumptions are required in determining the fair value of acquired assets and liabilities, particularly acquired intangible assets. The valuation of purchased intangible assets is based upon estimates of the future performance and cash flows from the acquired business. Each asset is measured at fair value from the perspective of a market participant. If different assumptions are used, it could materially impact the purchase price allocation and adversely affect our results of operations and financial condition.

Intangible Assets

Goodwill is evaluated annually for impairment during our fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances. Effective October 1, 2017 we elected to early adopt ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment," which eliminates the requirement to calculate the implied fair value of goodwill to measure an impairment charge (Step 2). Under the new guidance, we evaluate assets for potential impairment, and then determine goodwill impairment by comparing the reporting unit's fair value to its carrying value. A goodwill impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit.

Our annual impairment test as of October 1, 2017 evaluated the allocated goodwill related to each of our reporting units - $2.14 billion for the ambulatory services reporting unit and $5.97 billion for the physician services reporting unit. As of the October 1, 2017 valuation, the fair value was substantially in excess of its carrying value for the ambulatory services reporting unit. For the physician services reporting unit, the carrying value exceeded the fair value. Accordingly, under ASU No. 2017-04 we recorded a non-cash impairment charge of $500.0 million to reduce goodwill associated with the physician services reporting unit. Subsequent to the goodwill write-off, the physician services segment's carrying value was at fair value and the remaining goodwill associated with the physician services reporting unit was $5.41 billion.

To perform this evaluation, we obtained valuations at the reporting unit level prepared by third-party valuation specialists which utilized a combination of the income and market approaches. The discounted cash flow (DCF) model 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 significant judgments are typically based upon Level 3 inputs, generally defined as unobservable inputs representing our own assumptions. The cash flows employed in the DCF analysis are based on our most recent budgets and business plans aligned with our 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 discount rate is mainly based on judgment of the specific risk inherent within each reporting unit. The variables within the discount rate, many of which are outside of our control, provide our 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 our fair value under the market approaches, we include a control premium, which was based on observable market data and a review of selected transactions of companies that operate in our sector. To corroborate our analysis, we also reconciled the fair value of our reporting unit with our equity market capitalization and enterprise values to determine if it is reasonable compared to the external market indicators. While we believe that all assumptions utilized in our 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. Any future adverse events or changes in our assumptions could require additional assessment since the fair value equaled carrying value as of October 1, 2017.

Subsequent to the date of our annual impairment test, we considered our operating results for the fourth quarter of 2017, 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.

We test our finite-lived intangibles, other than goodwill, for impairment whenever events or circumstances indicate that it is more likely than not that the carrying amount may not be recoverable. Our policy is to recognize an impairment charge when the carrying amount is not recoverable and such amount exceeds fair value. To determine whether it is more likely than not that the carrying amount may not be recoverable, we assessed various factors including, but not limited to, our financial performance, any contemplated strategic changes to our lines of business, or any changes to the macroeconomic environment in which we operate. During the year ended December 31, 2017, there were no events or circumstances that indicated a potential impairment in our finite-lived intangibles.

We evaluate our indefinite-lived intangibles, which consist primarily of trade names, for impairment at least on an annual basis. Impairment of the carrying value will also be evaluated more frequently if certain indicators are encountered. Indefinite-lived intangibles are required to be tested at the reporting unit level, defined as an operating segment or one level below an operating segment (referred to as a component), with the fair value of the reporting unit being compared to its carrying amount, including indefinite-lived intangibles. If the fair value of a reporting unit exceeds its carrying amount, the indefinite-lived intangibles of the reporting unit are not considered to be impaired.

Accrued Professional Liabilities

Given the nature of the services we provide, we are subject to professional and general liability claims and related lawsuits in the ordinary course of business. We maintain insurance with third-party insurers generally on a claims-made basis, subject to self-insured retentions, exclusions and other restrictions. A substantial portion of our professional and general liability loss risks are being provided by a third-party insurer that is fully reinsured by our wholly owned captive insurance companies. In addition, our wholly owned captives provide coverage for a substantial portion of our employee workers' compensation claims. The assets, liabilities and results of operations of our wholly owned captive insurance company subsidiaries are included in our consolidated financial statements.

The liabilities for self-insurance include estimates of the ultimate costs related to both reported claims on an individual and aggregate basis and unreported claims. We also obtain professional liability insurance on a claims-made basis from third-party insurers for certain of our owned practices and certain of our employed and affiliated physicians.

Our reserves for our professional and general liability claims within the self-insured retention are based upon periodic actuarial calculations. Our reserves for losses and related expenses represent estimates involving actuarial and statistical projections, at a given point in time, of our expectation of the ultimate resolution plus administration costs of the losses that we have incurred. Our reserves are based on historical claims, demographic factors, industry trends, severity and exposure factors and other actuarial assumptions calculated by an independent actuarial firm. The independent actuarial firm performs studies of projected ultimate losses on an annual basis and we utilize these actuarial estimates to determine appropriate reserves. Liabilities for claims incurred but not reported are not discounted. The estimation of these liabilities is inherently complex and subjective, as these claims are typically resolved over an extended period of time, often as long as ten years or more. We periodically re-evaluate our accruals for our professional, automobile and general liabilities, and our actual results may vary significantly from our estimates if future claims differ from expected trends. The key assumptions used in our actuarial valuations are subject to constant adjustment as a result of changes in our actual loss history and the movement of projected emergence patterns as claims develop.

Results of Operations

Our consolidated statements of operations include the results of our physician services and ambulatory services segments. Our revenue primarily consists of fee for service revenue and is derived principally from the provision of physician services to patients of the healthcare facilities and from facility fees for the procedures performed at our surgery centers. Contract revenue represents income earned from our hospital customers to supplement payments from third-party payors.

Factors Impacting Revenues

Our revenues are influenced by national healthcare trends, hospital specific factors, changes in third-party reimbursement rates, changes in payor mix and other factors affecting patient needs for medical services. National trends can change based on changes in patient utilization, population growth and demographics, weather related disruptions as well as general economic factors. Hospital-specific elements include changes in local availability of alternative sites of care to the patient, changes in surgeon utilization of the facility, construction and regulations that affect patient flow through the hospital. We believe patient utilization can be affected by changes in the portion of medical costs for which the patients themselves bear financial responsibility, by general economic conditions and by other factors.

Factors Impacting Operating Expenses

Salaries and benefits expense is the most significant expense associated with our physician services segment and includes compensation and benefits for our employed and affiliated physicians and other professional providers as well as the salaries and benefits of our administrative support staff. Other operating expenses of our physician services segment includes costs of business development and marketing, information technology, dues and licenses, occupancy costs and other administrative functions that are indirectly related to the operations of our physician practices. Our insurance expense includes provisions for paid and estimated losses for actual claims and estimates of claims likely to be incurred in the period, based on our past loss experience and actuarial analysis provided by a third-party, as well as actual direct costs, including investigation and defense costs, and other costs related to insured liabilities. We plan to continue to expand our investment in administrative support initiatives to support our planned future growth.

Expenses associated with our ambulatory services segment relate directly and indirectly to procedures performed and include: clinical and administrative salaries and benefits, supply cost and other operating expenses such as linen cost, repair and maintenance of equipment, billing fees and bad debt expense. The majority of our salary and benefits cost is associated directly with the number of surgery centers we own and manage and tends to grow in proportion to the growth in our number of surgery centers in operation. We also incur operating expenses resulting from our ambulatory segment oversight function, which includes salaries and benefits of our operators and administrative support infrastructure. Our surgery centers also incur costs that are more fixed in nature, such as lease expense, property taxes, utilities and depreciation and amortization.

Our depreciation expense primarily relates to charges for medical equipment and leasehold improvements. Amortization expense primarily relates to intangible assets recorded for customer relationships arising from acquisitions and computer software.

Our interest expense results primarily from our borrowings used to fund acquisition and development activity, as well as interest incurred on capital leases and the amortization of deferred financing costs.

Income Tax Expense

The effective tax rate on pre-tax earnings (loss) as presented in the statements of operations is typically lower due to the inclusion of noncontrolling interests. However, after removing the earnings attributable to noncontrolling interests, our adjusted effective tax rate, excluding discrete items, was approximately 40% during 2017. We file a consolidated federal income tax return and numerous state income tax returns with varying tax rates which reflects the blending of these rates. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the Act) was signed into law making significant changes to the Internal Revenue Code. Under the provisions of the Act, the U.S. corporate tax rate was decreased from 35% to 21% for tax years beginning after December 31, 2017. We have assessed the impact of the Act on our income tax provision for the year ended December 31, 2017 and as a result have recorded approximately $596.6 million as additional income tax benefit in the fourth quarter of 2017, the period in which the legislation was enacted.

The Act also provides for acceleration of depreciation for certain assets placed into service after September 27, 2017, as well as prospective changes beginning in 2018. These prospective changes include an increased limitation on deductibility of executive compensation, a limitation on the deductibility of interest expense, new rules surrounding meals and entertainment expense and fines and penalties. Also, while net operating losses generated in the future may be carried forward indefinitely under the new law, there is a limitation on the amount that may be used in any given year. The Act may also have an impact on projected future taxable income that could affect valuation allowance considerations. In addition to the Federal law, we await guidance from the states in which we file on how components of the Act may be treated in these jurisdictions.

The $596.6 million tax benefit represents what we believe is the impact of the Act, the key component being re-measurement of deferred tax balances to the new corporate rate. As the benefit is based on currently available information and interpretations, which are continuing to evolve, the benefit should be considered provisional. We will continue to analyze additional information and guidance related to the Act as supplemental legislation, regulatory guidance, or evolving technical interpretations become available. The final impacts may differ from the recorded amounts as of December 31, 2017, and we will continue to refine such amounts within the measurement period provided by Staff Accounting Bulletin No. 118. We expect to complete the analysis no later than the fourth quarter of 2018.

Noncontrolling Interests

Profits and losses are allocated to our noncontrolling partners in proportion to their individual ownership percentages and reflected in the aggregate as total net earnings attributable to noncontrolling interests. The noncontrolling partners are typically organized as general partnerships, LPs or LLCs that are not subject to federal income tax. Each noncontrolling partner shares in the pre-tax earnings or loss of the entity of which it is a partner. Accordingly, net earnings attributable to the noncontrolling interests in each of our LPs and LLCs are generally determined on a pre-tax basis, and pre-tax earnings are presented before net earnings attributable to noncontrolling interests have been subtracted.

Consolidated Operations

The following table shows certain statement of operations items expressed as a percentage of net revenues for the years ended December 31, 2017, 2016 and 2015. The operating results of EHH are included in our operating results effective December 1, 2016.

	2017	2016	2015
Net revenue	100.0 %	100.0 %	100.0%
Operating expenses:			
Salaries and benefits	72.0	58.9	52.4
Supply cost	2.8	5.7	7.2
Insurance expense	1.8	1.3	1.2
Other operating expenses	9.9	11.9	13.1
Transaction and integration costs	1.1	2.2	0.3
Impairment charges	6.4	6.3	—
Depreciation and amortization	3.7	3.9	3.8
Total operating expenses	97.8	90.3	78.0
Net gain (loss) on disposals and deconsolidations	—	0.2	1.4
Equity in earnings of unconsolidated affiliates	0.3	0.7	0.6
Operating income	2.4	10.6	24.1
Interest expense, net	3.0	4.1	4.7
Debt extinguishment costs	—	0.9	—
Other income, net	0.1	—	—
Earnings (loss) from continuing operations before income taxes	(0.4)	5.7	19.3
Income tax expense (benefit)	(6.4)	(0.1)	4.4
Net earnings from continuing operations	6.0	5.8	14.9
Discontinued operations:			
Earnings (loss) from discontinued operations	(5.9)	0.2	(0.1)
Income tax (expense) benefit from discontinued operations	(0.4)	(0.1)	—
Net earnings (loss) from discontinued operations	(6.3)	0.1	—
Net earnings (loss)	(0.3)	5.9	14.9
Less net earnings attributable to noncontrolling interests	2.6	6.4	8.5
Net earnings (loss) attributable to Envision Healthcare Corporation stockholders	(2.9)%	(0.5)%	6.4%

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

We experienced significant changes in our consolidated operations during the year ended December 31, 2017 primarily due to the following factors:

- our operating results for the year ended December 31, 2017 include the full year of operating results of EHH;
- transaction and integration costs associated with the Merger;
- additional interest expense and related charges associated with the debt refinancing completed as part of the Merger;
- we completed acquisitions in both our physician services and ambulatory services segments; and
- we experienced an increase in our same contract and same center growth during 2017.

Net revenue increased $4.32 billion, or 123.5%, to $7.82 billion in 2017 from $3.50 billion in 2016. Our consolidated net revenue was impacted during 2017 primarily by the following:

- an increase of $4.31 billion associated with our physician services segment driven primarily by a full period of results of operations received from the Merger in the current year, acquisitions completed in 2016 and 2017, increases in our same-contract growth and a full period of results after the consolidation of a partnership previously accounted for as an equity method investment through the second quarter of 2016; and
- an increase of $8.7 million associated with our ambulatory services segment driven primarily by acquisitions completed in 2016 and 2017 and increases in our same-center growth offset by disposal and deconsolidation activity.

Operating income decreased $180.7 million, or 48.9%, to $189.2 million during the year ended December 31, 2017, from $369.9 million in 2016. Our operating income was impacted during the year ended December 31, 2017 primarily due to the following:

- a full year's results from the Merger reflected in our 2017 results as compared to just one month in 2016;
- additional operating income from acquisitions completed during 2016 and 2017;
- an increase of $22.4 million associated our ambulatory services segment as the result of operations of recent acquisitions and same-center growth offset by disposal and deconsolidation activity;
- a $500.0 million non-cash charge related to the goodwill impairment recorded within our physician services segment during the fourth quarter of 2017 and $221.3 million non-cash impairment charge related to our decision to rebrand our physician services segment and ceasing the use of the Sheridan trade name which occurred during the fourth quarter of 2016; and
- transaction and integration costs totaling $88.7 million in 2017, most of which directly relate to the Merger compared to $76.3 million during 2016.

As a percentage of our consolidated net revenue, our physician services segment represented approximately 84% for the year ended December 31, 2017 as compared to 64% for the year ended December 31, 2016. As a result, our consolidated operations compared to prior periods has changed as a percentage of net revenue in both individual operating expense categories as well as in our net earnings attributable to noncontrolling interests. See further discussion of specific operating expense categories within our discussion of each of our operating segments.

Net interest expense increased to $231.1 million in the year ended December 31, 2017 from $142.4 million in 2016, primarily as a result of increased borrowings related to the Merger and to fund acquisitions. See "- Liquidity and Capital Resources" for additional information.

Other income increased to $11.0 million in the year ended December 31, 2017 from $1.0 million in 2016, primarily as a result of a legal settlement recognized within our ambulatory services segment of approximately $7.7 million.

We recognized an income tax benefit of $496.8 million for the year ended December 31, 2017, compared to income tax benefit of $3.3 million in the year ended December 31, 2016. Our reduction in tax expense for the year ended December 31, 2017, a significant portion of which is deferred, is due to the approximately $596.6 million benefit related to the Act and the impact of the goodwill impairment charge related to the physician services segment, most of which is not deductible.

Noncontrolling interests in net earnings for the year ended December 31, 2017 decreased $22.1 million from the year ended December 31, 2016, primarily due to recent disposal and deconsolidation activity offset, in part, by operations from noncontrolling interests in earnings at surgery centers added to operations during 2017 and 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

We experienced significant changes in our consolidated operations during the year ended December 31, 2016 primarily due to the following factors:

- our operating results for the year ended December 31, 2016 include the operating results of EHH from December 1, 2016 through December 31, 2016;
- transaction costs associated with the Merger;
- additional interest expense and related charges associated with the debt refinancing completed as part of the Merger;
- we completed acquisitions in both our physician services and ambulatory services segments; and
- we experienced an increase in our same contract organic and same center growth during 2016.

Net revenue increased $931.0 million, or 36.3%, to $3.50 billion in 2016 from $2.57 billion in 2015. Our consolidated net revenue was impacted during 2016 primarily by the following:

- an increase of $892.9 million associated with our physician services segment driven primarily by completed acquisitions in 2015 and 2016, increases in our same-contract growth, the consolidation of a partnership previously accounted for as an equity method investment and contribution from the Merger; and
- an increase of $38.1 million associated with our ambulatory services segment driven primarily by completed acquisitions in 2015 and 2016 and increases in our same-center growth.

Operating income decreased $247.6 million, or 40.1%, to $369.9 million during the year ended December 31, 2016, from $617.5 million in 2015. Our operating income was impacted during the year ended December 31, 2016 primarily due to the following:

- a decrease of $195.0 million resulting substantially from the impairment charge experienced by our physician services segment associated with the Merger of approximately $221.3 million related to our decision to rebrand our physician services segment and cease the use of the Sheridan trade name which occurred during the fourth quarter of 2016. See Note 10 in Item 8 for additional information. This decrease was offset by additional operating income due to the Merger and acquisitions completed during 2015 and 2016;
- a decrease of $52.6 million associated our ambulatory services segment as the result of deconsolidation activity offset in part by the operations of recent acquisitions and same-center growth; and
- total charges of $76.3 million related to transaction and integration charges and $73.8 million directly related to the Merger.

As a percentage of our consolidated net revenue, our physician services segment represented approximately 64% for the year ended December 31, 2016 as compared to 52% for the year ended December 31, 2015. As a result, our consolidated operations compared to prior periods has changed as a percentage of net revenue in both individual operating expense categories as well as in our net earnings attributable to noncontrolling interests. See further discussion of specific operating expense categories within our discussion of each of our operating segments.

We recorded $30.3 million as debt extinguishment costs as a result of the Merger during the year ended December 31, 2016. The debt extinguishment costs incurred relate to the refinancing related to the Merger. See Notes 4 and 13 in Item 8 for additional information.

Net interest expense increased to $142.4 million in the year ended December 31, 2016 from $121.5 million in 2015, primarily as a result of increased borrowings related to the Merger and to fund acquisitions during 2016. See "- Liquidity and Capital Resources" for additional information.

We recognized an income tax benefit of $3.3 million for the year ended December 31, 2016, compared to income tax expense of $113.8 million in the year ended December 31, 2015. Our reduction in tax expense for the year ended December 31, 2016, a significant portion of which is deferred, is due to the tax impact of an impairment charge related to the Sheridan trade name, as well as significant transaction costs and debt extinguishment costs associated with the Merger. In addition, we released certain valuation allowances we had previously established against net operating loss carryforwards as a result of the occurrence of specific transactions during the year.

Noncontrolling interests in net earnings for the year ended December 31, 2016 increased $5.9 million from the year ended December 31, 2015, primarily as a result of noncontrolling interests in earnings at surgery centers added to operations during 2016.

Physician Services Operations

Our physician services segment represents the combination of the historical physician services segment from AmSurg and the historical physician services segment from EHH. We utilize certain measures for our physician services operations to monitor our net revenue growth, which includes same contract, new contract, terminated contract and acquired contract revenues. Our same contract revenue reflects revenue received from services provided through contracts in existence in both comparable reporting periods. Our new contract revenue reflects revenue from contracts that have not been in effect for both the entire current and comparable periods. Terminated contracts reflect decreased revenue from contracts terminated during such periods. Acquired contract revenue reflects the revenue from acquisitions that were completed during the periods. The following table presents the percentage change related to our net revenue growth and same contract revenue growth assuming the Merger had occurred on January 1, 2016, based on separately reported historical results.

	2017	2016	2015
Contribution to Net Revenue Growth:			
Same contract	1.6%	4.9%	7.5%
New contract	6.5	3.1	4.5
Terminated contracts	(9.0)	(1.8)	(2.5)
Acquired contract and other [1]	9.5	34.5	14.9
EHH Physician Services [2]	—	26.1	—
Total net revenue growth	8.6%	66.8%	24.4%
Patient encounters per day (day adjusted) [3]	1.5%	3.7%	4.8%
Net revenue per encounter [3]	0.9	2.6	5.1
Same contract revenue growth [3]	2.4%	6.3%	9.9%

(1) Includes net revenue growth related to the consolidation on July 1, 2016 of a previously unconsolidated affiliate of 5.5% in the year ended December 31, 2016.
(2) Includes results of EHH for the period December 1, 2016 (the date of the Merger) through December 31, 2016.
(3) Amount excludes the one month impact from EHH for the period December 1, 2016 (the date of the Merger) through December 31, 2016.

We evaluate our physician services revenue net of contractual adjustments and provisions for uncollectible charges. Payors generally receive discounts from standard charges, which we refer to as contractual adjustments. In addition, patients our physicians serve may be personally responsible for the payment of the medical services they receive. Our contracts with hospitals and other facilities typically require us to provide care to all patients who present at locations where we perform services. While we seek to bill for all medical services we provide, a portion of our medical services are delivered to patients that have no insurance and from whom we cannot collect full compensation. As a result, we establish a provision for uncollectible charges. Our net revenue from our physician services operations represents gross billings after provisions for contractual allowances and uncollectibles.

The following tables and comparisons to prior periods include the results of EHH effective December 1, 2016, the date of the Merger.

The following table summarizes our approximate payor mix as a percentage of net revenue and our approximate payor mix based on patient encounters for the periods indicated.

	Percentage of Net Revenue Year Ended December 31,			Percentage of Total Volume Year Ended December 31,		
	2017	2016	2015	2017	2016	2015
Medicare	20%	15%	13%	33%	33%	36%
Medicaid	8	6	5	23	22	22
Commercial and managed care	55	68	71	31	34	33
Self-pay	2	1	1	13	11	9
Net fee for service revenue	85%	90%	90%	100%	100%	100%
Contract and other revenue	15	10	10			
Net revenue for physician services	100%	100%	100%			

The following table presents selected statement of operations data expressed in dollars (in millions) and as a percentage of net revenue for our physician services segment.

	Year Ended December 31,					
	2017		2016		2015	
Net revenue	$ 6,542.4	100.0 %	$ 2,229.7	100.0 %	$ 1,336.8	100.0%
Operating expenses:						
Salaries and benefits	5,241.8	80.1	1,670.0	74.9	972.2	72.7
Supply cost	22.1	0.3	6.6	0.3	2.5	0.2
Insurance expense	136.9	2.1	38.9	1.7	24.3	1.8
Other operating expenses	520.9	8.0	164.8	7.4	95.9	7.2
Transaction and integration costs	79.8	1.2	49.0	2.2	6.6	0.5
Impairment charges	500.3	7.6	221.3	9.9	—	—
Depreciation and amortization	249.5	3.8	101.4	4.5	61.7	4.6
Total operating expenses	6,751.3	103.2	2,252.0	101.0	1,163.2	87.0
Net loss on disposals and deconsolidations	(11.0)	(0.2)	—	—	(6.5)	(0.5)
Equity in earnings (loss) of unconsolidated affiliates	(1.4)	—	4.1	0.2	9.7	0.7
Operating income (loss)	$ (221.3)	(3.4)%	$ (18.2)	(0.8)%	$ 176.8	13.2%

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

Physician services net revenue increased $4.31 billion, or 193.4%, to $6.54 billion in the year ended December 31, 2017 from $2.23 billion in the year ended December 31, 2016. During the year ended December 31, 2017, our total growth in net revenue of our physician services segment resulted primarily from a full period of results of operations received from the Merger, which represented $4.16 billion and $347.9 million in 2017 and 2016, respectfully. Additionally, physician practices acquired in 2016 and 2017 contributed approximately $329.0 million. During the year ended December 31, 2017, we experienced an increase in net revenue as a result of same-contract growth which contributed approximately $25.5 million. We also experienced an increase in revenue of $82.8 million in the year ended December 31, 2017 due to the consolidation of a previously unconsolidated affiliate beginning July 1, 2016.

Salaries and benefits increased by $3.57 billion, or 213.9%, to $5.24 billion in the year ended December 31, 2017 from $1.67 billion in the year ended December 31, 2016. The increase during the year ended December 31, 2017 is primarily due to increased compensation costs resulting from the Merger, which contributed $3.46 billion and $274.1 million in 2017 and 2016, respectively. Additionally, we experienced an increase in both newly hired and existing physician and related staff to support growth in same-contracts and acquired contracts. As a percentage of revenue, salaries and benefits increased due to the inclusion of EHH's physician services, which historically has a higher percentage of salaries and benefits as a percentage of revenue compared to that of the legacy AmSurg physician services.

Insurance expense increased $98.0 million, or 251.9%, to $136.9 million in the year ended December 31, 2017 from $38.9 million in the year ended December 31, 2016. The increase is primarily due to the inclusion of EHH and other acquisitions completed during the latter half of 2016 and during 2017.

Other operating expense increased $356.1 million, or 216.1%, to $520.9 million in the year ended December 31, 2017 from $164.8 million in the year ended December 31, 2016. The increase is primarily due to the inclusion of EHH, which contributed $334.6 million during 2017 and from acquisitions completed during the latter half of 2016 and during 2017.

Transaction costs were approximately $79.8 million for the year ended December 31, 2017 and $49.0 million for the year ended December 31, 2016, primarily resulting from the Merger, as well as our acquisitions of physician practices.

We recorded an impairment charge of $500.0 million during the year ended December 31, 2017 associated with our annual impairment test of goodwill. See Critical Accounting Polices and Note 10 within Part II of this Report for additional information. Impairment charges incurred during the year ended December 31, 2016 associated with the Merger of approximately $221.3 million relate to our decision to rebrand our physician services segment and cease the use of the Sheridan trade name, which occurred during the fourth quarter of 2016.

Depreciation and amortization for our physician services segment was approximately $249.5 million and $101.4 million for the years ended December 31, 2017 and 2016, respectively. The majority of the expense is a result of amortizable intangible assets related to our customer relationships with hospitals. The increase is primarily due to the inclusion of EHH, which contributed $134.2 million during 2017 and other acquisitions completed during the latter half of 2016 and during 2017.

In the year ended December 31, 2017, equity in earnings (loss) of unconsolidated affiliates decreased $5.5 million to a loss of $1.4 million compared to earnings of $4.1 million during the year ended December 31, 2016 due to the consolidation of an affiliate previously accounted for as an equity method investment through the second quarter of 2016.

Year Ended December 31, 2016 Compared to December 31, 2015

Physician services net revenue increased $892.9 million, or 66.8%, to $2.23 billion in the year ended December 31, 2016 from $1.34 billion in the year ended December 31, 2015. During the year ended December 31, 2016, our total growth in net revenue of our physician services segment resulted primarily from the Merger, which represented $347.9 million, and from physician practices acquired in 2015 and 2016, which contributed approximately $382.5 million. In addition, during the year ended December 31, 2016, we experienced an increase in net revenue as a result of same-contract growth which contributed approximately $66.1 million. We also experienced an increase in revenue of $74.1 million in the year ended December 31, 2016 due to the consolidation of a previously unconsolidated affiliate beginning July 1, 2016. Our same-contract revenue growth was 6.3% for the year ended December 31, 2016, which is reflective of a 3.7% increase in patient encounters and a 2.6% increase in revenue per patient encounter.

Salaries and benefits increased by $697.8 million, or 74.9%, to $1.67 billion in the year ended December 31, 2016 from $972.2 million in the year ended December 31, 2015. The percentage increase during the year ended December 31, 2016 is primarily due to increased compensation costs resulting from the Merger, which contributed $274.1 million, and both newly hired and existing physician and related staff to support growth in same-contracts and acquired contracts. During 2016, EHH's physician services salaries and benefits as a percentage of revenue were approximately 78%.

Insurance expense increased $14.6 million, or 60.1%, to $38.9 million in the year ended December 31, 2016 from $24.3 million in the year ended December 31, 2015. The percentage increase is primarily due to the Merger and acquisitions completed during the latter half of 2015 and during 2016.

During the year ended December 31, 2016, we recognized income of approximately $2.6 million in other operating expenses associated with the net change in fair value of contingent consideration. During the year ended December 31, 2015, we recognized expense of approximately $8.8 million in other operating expenses associated with the net change in fair value of contingent consideration.

Transaction costs were approximately $49.0 million for the year ended December 31, 2016 and $6.6 million for the year ended December 31, 2015. The increased costs resulted primarily from the Merger and from our acquisition of physician practices.

We recorded an impairment charge incurred during the year ended December 31, 2016 associated with the Merger of approximately $221.3 million related to our decision to rebrand our physician services segment and cease the use of the Sheridan trade name, which occurred during the fourth quarter of 2016.

Depreciation and amortization for our physician services segment was approximately $101.4 million and $61.7 million for the years ended December 31, 2016 and 2015, respectively. The majority of the expense is a result of amortizable intangible assets related to our customer relationships with hospitals. The increase in amortization associated with customer relationships with hospitals during the year ended December 31, 2016 compared to the prior year period is a result of the Merger and other acquisitions completed in 2016.

Equity in earnings of unconsolidated affiliates decreased $5.6 million to $4.1 million in the year ended December 31, 2016 compared to earnings of $9.7 million during the year ended December 31, 2015 due to the consolidation of an affiliate previously accounted for as an equity method investment.

Ambulatory Services Operations

The following table presents certain operating data of our ambulatory services segment for the years ended December 31, 2017, 2016 and 2015.

	2017	2016	2015
Procedures performed during the period at consolidated centers	1,715,595	1,721,399	1,729,262
Centers in operation, end of period (consolidated)	234	238	236
Centers in operation, end of period (unconsolidated)	30	22	21
Average number of continuing centers in operation (consolidated)	237	237	238
New centers added, during period	10	8	11
Centers merged into existing centers, during period	—	1	—
Centers disposed, during period	6	4	—
Surgical hospitals in operation, end of period (unconsolidated)	1	1	1
Centers under letter of intent, end of period	2	3	5
Average revenue per consolidated center (in thousands)	$ 5,392	$ 5,352	$ 5,168
Same center revenues increase, day adjusted (consolidated)	1.8%	4.3%	6.0%

Of the continuing centers in operation at December 31, 2017, 162 centers performed gastrointestinal endoscopy procedures, 55 centers performed procedures in multiple specialties, 37 centers performed ophthalmology procedures and 10 centers performed orthopaedic procedures.

A significant measurement of how much our ambulatory services revenues grow from year to year for existing centers is the change in our same-center revenue. We define our same-center group each year as those centers that contain full year-to-date operations in both comparable reporting periods, including the expansion of the number of operating centers associated with a LLC or LP. Ambulatory services revenues at our 2017 same-center group constituting approximately 94% of our total number of consolidated centers, increased by 1.8% during the year ended December 31, 2017 compared to 2016. The increase was due to a 1.1% increase in procedures and a 0.7% increase in revenue per procedure as compared to the prior period.

The following table presents selected statement of operations data expressed in dollars (in millions) and as a percentage of net revenue for our ambulatory services segment.

	December 31,					
	2017		2016		2015	
Net revenue	$ 1,276.9	100.0%	$ 1,268.2	100.0%	$ 1,230.1	100.0%
Operating expenses:						
Salaries and benefits	385.6	30.2	390.6	30.8	372.2	30.3
Supply cost	200.6	15.7	191.8	15.1	181.8	14.8
Insurance expense	7.3	0.6	6.6	0.5	6.9	0.6
Other operating expenses	256.8	20.1	252.9	19.9	240.6	19.6
Transaction and integration costs	8.9	0.7	27.3	2.2	1.8	0.1
Depreciation and amortization	39.4	3.1	36.2	2.9	35.8	2.9
Total operating expenses	898.6	70.4	905.4	71.4	839.1	68.2
Net gain on deconsolidations	8.6	0.7	5.7	0.4	43.2	3.5
Equity in earnings of unconsolidated affiliates	23.6	1.8	19.6	1.5	6.5	0.5
Operating income	$ 410.5	32.1%	$ 388.1	30.6%	$ 440.7	35.8%

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

Ambulatory services revenues increased $8.7 million, or 0.7%, to $1.28 billion, in the year ended December 31, 2017 from $1.27 billion in 2016. Our ambulatory services revenues during the year ended December 31, 2017 were impacted primarily by the following factors:

- revenue growth of $16.8 million for the year ended December 31, 2017 recognized by our 2017 same-center group, reflecting a 1.8% increase in our 2017 same-center group attributable to a 1.1% increase in procedures and a 0.7% increase in revenue per procedure;
- centers acquired in 2016, which contributed $14.8 million of additional revenues in the year ended December 31, 2017, due to a full year of contribution in 2017;
- centers acquired or opened in 2017, which generated $13.0 million in revenues during the year ended December 31, 2017;
- reduced revenue recognized during the year ended December 31, 2017 of $16.7 million resulting from the deconsolidation of centers previously consolidated as we sold all or a portion of our ownership interest. Our share of the results of operations from the deconsolidated centers is reflected in equity in earnings of unconsolidated affiliates in our consolidated statements of operations; and
- reduced revenue recognized during the year ended December 31, 2017 of $20.4 million resulting from the disposal of centers that had a full year of operations during the year ended December 31, 2016.

Salaries and benefits expense decreased by $5.0 million, or 1.3%, to $385.6 million in the year ended December 31, 2017 from $390.6 million in 2016. The decrease is due to lower incentive compensation expense and lower corporate expense allocation related to the Merger in the 2017 period, as well as the reduction in expense from the deconsolidated centers that were consolidated in the prior period.

Supply cost increased $8.8 million, or 4.6%, to $200.6 million in the year ended December 31, 2017 from $191.8 million in the year ended December 31, 2016. Increased supply costs for the year ended December 31, 2017 is primarily due to the change in the mix and cost of certain procedures performed by our same-center group offset by the reduction in expense from the deconsolidated centers that were consolidated in the prior period.

Other operating expenses increased $3.9 million, or 1.5%, to $256.8 million in the year ended December 31, 2017 from $252.9 million in the year ended December 31, 2016. The additional expense in 2017 resulted primarily from the following factors:

- an increase of $6.4 million at our 2017 same-center group;
- centers acquired or opened during 2016 and 2017, which resulted in an increase of $5.5 million;
- disposal or deconsolidation of centers in the prior year, which resulted in a decrease of $8.9 million;

Depreciation and amortization expense increased $3.2 million, or 8.8%, in the year ended December 31, 2017, primarily as a result of centers acquired or opened during 2016 and 2017.

Equity in earnings of unconsolidated affiliates was $23.6 million in the year ended December 31, 2017 compared to $19.6 million in 2016. The increase in our earnings from equity method investments during the year ended December 31, 2017 is due to the consummation of one equity method investment during 2016 whereby we contributed one ASC to a joint venture with a health system, which was not fully reflected in 2016 results. Additionally, in 2017, we entered into two equity method investments. The increase in our earnings from equity method investments was partially off-set by the disposal of one equity method investment during the year ended December 31, 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Ambulatory services revenues increased $38.1 million, or 3.1%, to $1.27 billion, in the year ended December 31, 2016 from $1.23 billion in 2015. Our ambulatory services revenues during the year ended December 31, 2016 were impacted primarily by the following factors:

- revenue growth of $48.2 million for the year ended December 31, 2016 recognized by our 2016 same-center group, reflecting a 4.3% increase in our 2016 same-center group attributable to a 2.5% increase in procedures and a 1.8% increase in revenue per procedure;
- centers acquired in 2015, which contributed $34.2 million of additional revenues in the year ended December 31, 2016, due to a full year of contribution in 2016;
- centers acquired or opened in 2016, which generated $14.3 million in revenues during the year ended December 31, 2016;
- reduced revenue recognized during the year ended December 31, 2016 of $52.3 million resulting from the deconsolidation of centers previously consolidated as we sold all or a portion of our ownership interest. Our share of the results of operations from the deconsolidated centers is reflected in equity in earnings of unconsolidated affiliates in our consolidated statements of operations; and
- reduced revenue recognized during the year ended December 31, 2016 of $7.6 million resulting from the disposal of centers that had a full year of operations during the year ended December 31, 2015.

Salaries and benefits expense increased by $18.4 million, or 4.9%, to $390.6 million in the year ended December 31, 2016 from $372.2 million in 2015. The increase was primarily a result of staffing expense at newly acquired and developed centers, as well as the additional staffing required at existing centers.

Supply cost increased $10.0 million, or 5.5%, to $191.8 million in the year ended December 31, 2016 from $181.8 million in the year ended December 31, 2015. The increase was primarily due the additional supply cost of centers acquired or opened in 2016.

Other operating expenses increased $12.3 million, or 5.1%, to $252.9 million in the year ended December 31, 2016 from $240.6 million in the year ended December 31, 2015. The additional expense in 2016 resulted primarily from the following factors:

- an increase of $14.6 million in other operating expenses at our 2016 same-center group in the year ended December 31, 2016;
- centers acquired during 2015, which resulted in an increase of $5.0 million in other operating expenses in the year ended December 31, 2016;
- centers acquired or opened during 2016, which resulted in an increase of $2.6 million in other operating expenses in the year ended December 31, 2016;
- reduced operating expense during the year ended December 31, 2016 of $11.0 million resulting from the deconsolidation of centers that were previously consolidated;
- reduced operating expense during the year ended December 31, 2016 of $2.2 million resulting from the disposal of centers that had a full year of operations during the year ended December 31, 2015.

Depreciation and amortization expense increased $0.4 million, or 1.1%, in the year ended December 31, 2016, primarily as a result of centers acquired or opened during 2015 and 2016.

Equity in earnings of unconsolidated affiliates was $19.6 million in the year ended December 31, 2016 compared to $6.5 million in 2015. The increase during the year ended December 31, 2016, is due to the consummation of one equity method investment completed during the year ended December 31, 2016, and five separate equity method investments completed during the year ended December 31, 2015 we jointly own with a health system. The newly formed investments (including the contributed centers) are controlled by the health systems. Also, as part of these transactions, we obtained a noncontrolling interest in three additional centers and one surgical hospital which were contributed by the health systems.

Liquidity and Capital Resources

Our primary source of liquidity is cash flows provided by the operating activities of our subsidiaries. We and our subsidiaries also have the ability to use the ABL Facility, described below, to supplement cash flows provided by our operating activities for strategic or operating purposes. Our liquidity needs are primarily to service long-term debt and to fund working capital requirements, acquisitions and capital expenditures.

Cash and cash equivalents attributable to continuing operations at December 31, 2017 and December 31, 2016 were $312.2 million and $316.9 million, respectively. In addition, included in current assets held for sale at December 31, 2017 and December 31, 2016 are cash and cash equivalents attributable to discontinued operations of $40.0 million and $14.7 million, respectively. The table below summarizes cash flow information derived from our statements of cash flows for the years ended December 31, 2017, 2016 and 2015 (in millions).

	Year Ended December 31,		
	2017	2016	2015
Net cash provided by (used in):			
Operating activities	$ 797.4	$ 419.8	$ 538.0
Investing activities	(982.1)	(303.7)	(1,016.8)
Financing activities	205.3	108.8	377.4

Operating activities. Net cash provided by operating activities for the year ended December 31, 2017 was $797.4 million, compared to $419.8 million for the year ended December 31, 2016. Additionally, net cash flow provided by operating activities, net of distributions to noncontrolling interests, for the year ended December 31, 2017 was $567.6 million, compared to $191.9 million for the year ended December 31, 2016. Cash flows from operations during the year ended December 31, 2017 were impacted by the following:

- increased operating cash flow as a result of the Merger;
- income tax payments of $24.5 million, which was $74.1 million lower in 2017 compared to 2016;
- payments of transaction and integration costs primarily related to the Merger of $96.4 million; and
- increase in interest payments by $192.4 million due to the Merger-related debt refinancing.

The principal source of our operating cash flow is the collection of accounts receivable from governmental payors, commercial payors and individuals. We bill for services as delivered, usually within a few days following the date the service is rendered for our ambulatory services segment and within 5 to 30 days following the date the service is rendered for our physician services segment. Generally, unpaid amounts that are 30 to 45 days past due are rebilled based on a standard set of procedures. If amounts remain uncollected after 60 days, we proceed with a series of late-notice notifications until amounts are either collected, contractually written off in accordance with contracted rates or determined to be uncollectible, typically after 90 to 240 days. Receivables determined to be uncollectible are written off and such amounts are applied to our estimate of allowance for bad debts as previously established in accordance with our policy for bad debt expense. The amount of actual write-offs of account balances for each of our subsidiaries is continuously compared to established allowances for bad debt to ensure that such allowances are adequate. At December 31, 2017, our physician services segment's net accounts receivable represented 71 days of revenue outstanding which is an increase from 63 days outstanding at December 31, 2016 (which excluded the results of EHH). The increase in days is due to including the impact of EHH's physician services business, which historically has a longer billing and collection cycle as it is primarily focused on emergency department services. The increase is also due in part to recent acquisitions completed during the year ended December 31, 2017, as it is not unusual for us to experience delays in our ability to bill for procedures until certain administrative procedures are finalized. Also, we are currently migrating the billing of certain contracts to new billing systems which we expect will improve efficiency in the billing cycle into 2018. As a result of this process, we are experiencing expected delays in our collections for our physician services.

As of December 31, 2017, we had insurance collateral of $86.2 million, which is comprised of restricted cash and available-for-sale securities that are restricted for the purpose of satisfying the obligations of our wholly owned captive insurance companies.

Investing activities. Net cash used in investing activities was $982.1 million for the year ended December 31, 2017 compared to $303.7 million for the year ended December 31, 2016. The change was primarily related to the funding of acquisitions and capital expenditures that occurred during the year ended December 31, 2017.

During the year ended December 31, 2017, we had total acquisition and capital expenditures of $966.7 million, which primarily included:

- $584.1 million for the acquisition of physician practices;
- $47.3 million for the acquisition of interests in surgery centers;
- $119.4 million for the acquisitions in our medical transportation business; and
- $208.9 million for new or replacement property, excluding $4.3 million in new capital leases.

Financing activities. Net cash provided by financing activities was $205.3 million for the year ended December 31, 2017 compared to $108.8 million for the year ended December 31, 2016. For the year ended December 31, 2017, we had net proceeds from long-term borrowings of $460.2 million, which included gross proceeds of $801.9 million and payments of $341.7 million. Our proceeds primarily resulted from $500.0 million of incremental borrowings under our term loans that mature in 2023 (Term Loan B 2023) and from borrowings from the ABL Facility. We used the incremental borrowings from the Term Loan B 2023 to fund acquisitions, to repay amounts outstanding under the ABL Facility and to pay fees and expenses related to the financing.

During the year ended December 31, 2017, we received approximately $5.4 million from the exercise of stock options under our employee stock incentive plans and the tax benefit received from the exercise of those options and restricted stock that vested was approximately $2.0 million. During the year ended December 31, 2017, we repurchased approximately 135,872 shares of our common stock by withholding a portion of employee restricted stock that vested, with a value of approximately $9.5 million, to cover payroll withholding taxes in accordance with the restricted stock agreements.

On September 17, 2017, the Board authorized a stock repurchase program that authorizes us to repurchase up to $250 million of our common stock. The timing and amount of any shares repurchased will be determined based on our evaluation of market conditions and other factors. Repurchases will be made in accordance with the rules and regulations promulgated by the SEC and certain other legal requirements to which we may be subject. The program may be suspended or discontinued at any time, and has no time limit. As of December 31, 2017, we had made no repurchases under the stock repurchase program.

Our 5.25% mandatory convertible preferred stock, Series A-1 (Company Preferred Stock) paid dividends at an annual rate of 5.25% of the initial liquidation preference of $100 per share. Dividends accrued and cumulated from the date of issuance and, to the extent lawful and declared by our Board, was paid on each January 1, April 1, July 1 and October 1 in cash or, at our election (subject to certain limitations), by delivery of any combination of cash and shares of common stock. During the year ended December 31, 2017, and prior to the mandatory conversion date of July 3, 2017, holders elected to convert 518,879 of our Company Preferred Stock to 941,294 shares of common stock. On the mandatory conversion date, the remaining 1,206,121 outstanding shares of Company Preferred Stock automatically converted to 2,188,024 shares of common stock. During the year ended December 31, 2017, our Board declared two dividends, each totaling $1.3125 per share in cash, or $2.3 million, to the holders of Company Preferred Stock. Following mandatory conversion date, no shares of our Company Preferred Stock were outstanding and all rights of the holders of our Preferred Stock, including dividend rights, terminated.

As of December 31, 2017, we had total indebtedness, including capital leases, of $6.41 billion, including $3.96 billion of Term Loan B - 2023, $1.10 billion of 5.625% senior unsecured notes due 2022 (5.625% 2022 Notes), $750.0 million of 5.125% senior unsecured notes due 2022 (5.125% 2022 Notes), $550.0 million of 6.25% senior unsecured notes due 2024 (6.25% 2024 Notes) and approximately $56.4 million of other long-term indebtedness. As of December 31, 2017, there were no borrowings under our ABL Facility.

Term Loan B - 2023

As a result of the Merger, on December 1, 2016, we incurred term loan borrowings in an aggregate principal amount of $3.96 billion that mature on December 1, 2023 by assuming the term loan borrowings made in connection with the Merger through a wholly owned finance subsidiary of EHH immediately prior to the consummation of the Merger. Under the terms of the Term Loan Facility, the Term Loan B - 2023 bears interest at a rate equal to (i) LIBOR, plus 3.00% per annum, or (ii) the alternate base rate as defined in the credit agreement. At December 31, 2017, we had approximately $1.5 million in accrued interest associated with the Term Loan B 2023.

On June 23, 2017, we incurred incremental term loan borrowings in an aggregate principal amount of $500 million, maturing on December 1, 2023. The incremental amounts were borrowed pursuant to the Increase Supplement, dated as of June 23, 2017, which supplements our existing Amended and Restated Credit Agreement, dated as of December 1, 2016. The incremental borrowings bear interest at the same rate and have the same terms as our Term Loan B 2023.

On August 7, 2017, we executed a definitive agreement to sell our medical transportation business for $2.40 billion in cash to an entity controlled by funds affiliated with KKR Co. L.P. Upon completion of the divestiture, under the terms of the Term Loan Facility, we are required to utilize the net proceeds to pay down the outstanding principal on the Term Loan B 2023 unless the proceeds can be used to acquire the assets or capital stock of businesses similar to ours within 365 days from the sale.

ABL Facility

On December 1, 2016, in connection with the Merger, we assumed EHH's asset-based revolving credit facility providing for revolving borrowings of up to $850.0 million, subject to borrowing base availability. In addition, subject to certain terms and conditions, we are entitled to request additional revolving credit commitments or term loans under the ABL Facility, which share in the borrowing base, up to an amount such that the aggregate amount of ABL commitments does not exceed $1.35 billion. The final maturity date of the ABL Facility is December 1, 2021.

The revolving credit loans under the ABL Facility bear interest initially at a rate equal to (i) LIBOR plus, an applicable margin, which shall be determined based on the average daily excess availability, or (ii) the alternate base rate, which will be the highest of the prime rate established by the administrative agent from time to time, 0.50% in excess of the greater of (A) the overnight federal funds rate or (B) the composite overnight federal funds and overnight LIBOR rate, the one-month LIBOR rate (adjusted for maximum reserves) plus 1.0% per annum, plus, in each case, an applicable margin, which shall be determined based on the average daily excess availability.

As of December 31, 2017, the maximum available under the ABL Facility was $850 million. As of December 31, 2017, letters of credit outstanding, which impact the available credit under the ABL Facility, were $186.2 million. Our borrowing capacity, after giving effect to the letters of credit, was $663.8 million as of December 31, 2017. These letters of credit primarily secure the obligations under our captive insurance program. At December 31, 2017, we had not drawn on the ABL. We anticipate that net proceeds from the divestiture of our medical transportation business, which is expected to be $2.1 billion, will be used to reduce our indebtedness outstanding under our Term Loan Facility. Following the completion of the divestiture of AMR, we expect our maximum available under the ABL Facility will be approximately $650.0 million.

5.625% 2022 Notes

We have $1.10 billion aggregate principal amount of the 5.625% 2022 Notes outstanding. Interest on the 5.625% 2022 Senior Unsecured Notes accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on January 15 and July 15 through the maturity date on July 15, 2022. The 5.625% 2022 Notes are unsecured obligations and are guaranteed by each of our wholly owned domestic subsidiaries, except for any of our subsidiaries subject to regulation as an insurance company, including our wholly owned captive insurance subsidiaries. At December 31, 2017, we had approximately $28.5 million in accrued interest associated with the 5.625% 2022 Notes reflected in other accrued liabilities.

5.125% 2022 Notes

Upon completion of the Merger, we assumed $750.0 million aggregate principal amount of the 5.125% 2022 Notes, which were issued on June 18, 2014 by EEH. The 5.125% 2022 Notes are unsecured obligations and are guaranteed by each of our wholly owned domestic subsidiaries, except for any of our subsidiaries subject to regulation as an insurance company, including our wholly owned captive insurance subsidiaries. Interest on the 5.125% 2022 Notes accrues at the rate of 5.125% per annum and is payable semi-annually in arrears on January 1 and July 1 through the maturity date on July 1, 2022. At December 31, 2017, we had $19.2 million in accrued interest associated with the 5.125% 2022 Notes.

6.25% 2024 Notes

Upon completion of the Merger, we completed a private offering of $550.0 million aggregate principal amount of the 6.25% 2024 Notes. Interest on the 6.25% 2024 Notes accrues at the rate of 6.25% per annum and is payable semi-annually in arrears on June 1 and December 1 through the maturity date on December 1, 2024. The 6.25% 2022 Notes are unsecured obligations and are guaranteed by each of our wholly owned domestic subsidiaries, except for any of our subsidiaries subject to regulation as an insurance company, including our wholly owned captive insurance subsidiaries. At December 31, 2017, we had approximately $2.9 million in accrued interest associated with the 6.25% 2024 Notes.

Based upon our current operations and anticipated growth, we believe our operating cash flow, borrowing availability and ability to access capital markets will provide adequate resources to meet our working capital and capital expenditure requirements for the next 12 to 18 months. In addition to acquiring and developing our current business segments, we may from time to time consider other strategic acquisitions or joint ventures. Such acquisitions, joint ventures or other opportunities may require an amendment to our current debt agreements or additional external financing, which may include sales of equity securities. We cannot assure you that any required financing will be available, or will be available on terms acceptable to us.

Contractual Obligations and Other Commitments

The following schedule summarizes our contractual obligations by period as of December 31, 2017 (in millions):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual obligations [1]:					
Long-term debt, including interest [2]	$ 8,129.7	$ 367.1	$ 721.1	$ 2,508.9	$ 4,532.6
Capital lease obligations, including interest	47.8	5.4	9.8	6.3	26.3
Operating leases, including renewal option periods [3]	832.0	96.3	167.9	157.7	410.1
Other [4]	16.0	6.8	6.2	3.0	—
Subtotal	9,025.5	475.6	905.0	2,675.9	4,969.0
Other commitments [1]:					
Guarantees of surety bonds	2.9	—	—	—	2.9
Letters of credit [5]	68.6	68.6	—	—	—
Subtotal	71.5	68.6	—	—	2.9
Total obligations and commitments	$ 9,097.0	$ 544.2	$ 905.0	$ 2,675.9	$ 4,971.9

(1) These amounts do not include obligations directly attributable to discontinued operations.
(2) Our long-term debt may increase based on future acquisition activity. We intend to either use our operating cash flow to repay our long-term debt or refinance such obligations as they come due.
(3) Operating lease obligations do not include common area maintenance, insurance or tax payments for which we were also obligated.
(4) Includes contingent consideration related to certain acquisitions, liability for unrecognized tax benefits and other purchase obligations of goods and services.
(5) Letters of credit are primarily collateralized by our ABL Facility.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk primarily from exposure to changes in interest rates based on our financing, investing and cash management activities. We utilize a balanced mix of maturities along with both fixed rate and variable rate debt to manage our exposures to changes in interest rates. Our variable debt instruments are primarily indexed to the prime rate or LIBOR. Interest rate changes would result in gains or losses in the market value of our fixed rate debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Based upon our indebtedness at December 31, 2017, a 100 basis point interest rate change would impact our net earnings and cash flow by approximately $29.3 million annually. Although there can be no assurances that interest rates will not change significantly, we do not expect changes in interest rates to have a material effect on our net earnings or cash flows in 2018.

The table below provides information as of December 31, 2017 about our long-term debt obligations based on maturity dates that are sensitive to changes in interest rates, including principal cash flows and related weighted average interest rates by expected maturity dates (in millions, except percentage data):

	Years Ended December 31,							Fair Value at December 31,
	2018	2019	2020	2021	2022	Thereafter	Total	2017
Fixed rate	$ 11.9	$ 10.2	$ 6.6	$ 4.3	$ 1,852.9	$ 569.5	$ 2,455.4	$ 2,465.1
Average interest rate	3.9%	4.1%	4.4%	4.7%	5.4%	6.3%		
Variable rate	$ 40.3	$ 40.2	$ 40.1	$ 40.1	$ 40.1	$ 3,756.5	$ 3,957.3	$ 3,957.3
Average interest rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%		

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Envision Healthcare Corporation
Nashville, Tennessee

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Envision Healthcare Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2018 expressed an unqualified opinion on the Company's internal control over financial reporting.

Merger of AmSurg Corp. and Envision Healthcare Holdings, Inc.

As discussed in Notes 1 and 4 to the consolidated financial statements, the Company was formed on June 10, 2016 for the purpose of effecting the merger of AmSurg Corp. and Envision Healthcare Holdings, Inc. On December 1, 2016, AmSurg Corp. and Envision Healthcare Holdings, Inc. completed the merger. The Company's consolidated financial statements for 2016 reflect AmSurg Corp.'s consolidated financial statements for the period from January 1, 2016 to November 30, 2016 and the Company's consolidated financial statements for the period from December 1, 2016 to December 31, 2016.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Nashville, Tennessee
March 1, 2018

We have served as the Company's auditor since 1992.

Envision Healthcare Corporation
Consolidated Balance Sheets
(Dollars in millions, shares in thousands)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 312.2	$ 316.9
Insurance collateral	86.2	87.0
Accounts receivable, net of allowance of $2,554.5 and $584.0, respectively	1,405.8	1,297.8
Supplies inventory	22.7	23.4
Prepaid and other current assets	165.6	135.1
Current assets held for sale	2,751.8	551.1
Total current assets	4,744.3	2,411.3
Property and equipment, net	302.7	300.8
Investments in unconsolidated affiliates	156.7	114.7
Goodwill	7,536.1	7,584.0
Intangible assets, net	3,665.5	3,675.5
Other assets	167.3	134.2
Noncurrent assets held for sale	—	2,488.4
Total assets	$ 16,572.6	$ 16,708.9
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 52.1	$ 46.6
Accounts payable	62.2	69.9
Accrued salaries and benefits	548.0	483.8
Accrued interest	52.1	51.4
Other accrued liabilities	281.6	253.2
Current liabilities held for sale	399.1	249.4
Total current liabilities	1,395.1	1,154.3
Long-term debt, net of deferred financing costs of $97.3 and $111.0, respectively	6,263.3	5,790.2
Deferred income taxes	1,089.3	1,343.7
Insurance reserves	318.5	278.9
Other long-term liabilities	149.9	102.4
Noncurrent liabilities held for sale	—	468.6
Commitments and contingencies		
Noncontrolling interests – redeemable	187.1	182.9
Equity:		
Preferred stock, $0.01 par value, 100,000 shares authorized, 0 and 1,725 shares issued and outstanding, respectively	—	0.1
Common stock, $0.01 par value, 1,000,000 shares authorized, 121,021 and 117,478 shares issued and outstanding, respectively	1.2	1.2
Additional paid-in capital	6,008.9	5,976.3
Retained earnings	521.2	753.7
Accumulated other comprehensive loss	(4.2)	(0.2)
Total Envision Healthcare Corporation equity	6,527.1	6,731.1
Noncontrolling interests – non-redeemable	642.3	656.8
Total equity	7,169.4	7,387.9
Total liabilities and equity	$ 16,572.6	$ 16,708.9

See accompanying notes to the consolidated financial statements.

Envision Healthcare Corporation
Consolidated Statements of Operations
(Dollars in millions, except earnings per share)

	Year Ended December 31, 2017	2016	2015
Revenues	$ 12,177.5	$ 4,322.4	$ 2,833.0
Provision for uncollectibles	(4,358.2)	(824.5)	(266.1)
Net revenue	7,819.3	3,497.9	2,566.9
Operating expenses:			
Salaries and benefits	5,627.4	2,060.6	1,344.4
Supply cost	222.7	198.4	184.3
Insurance expense	144.2	45.5	31.2
Other operating expenses	777.7	417.7	336.5
Transaction and integration costs	88.7	76.3	8.4
Impairment charges	500.3	221.3	—
Depreciation and amortization	288.9	137.6	97.5
Total operating expenses	7,649.9	3,157.4	2,002.3
Net gain (loss) on disposals and deconsolidations	(2.4)	5.7	36.7
Equity in earnings of unconsolidated affiliates	22.2	23.7	16.2
Operating income	189.2	369.9	617.5
Interest expense, net	231.1	142.4	121.5
Debt extinguishment costs	—	30.3	—
Other income, net	11.0	1.0	—
Earnings (loss) from continuing operations before income taxes	(30.9)	198.2	496.0
Income tax expense (benefit)	(496.8)	(3.3)	113.8
Net earnings from continuing operations	465.9	201.5	382.2
Discontinued operations:			
Earnings (loss) from discontinued operations	(461.2)	6.4	(1.7)
Income tax (expense) benefit from discontinued operations	(30.7)	(2.4)	0.7
Net earnings (loss) from discontinued operations	(491.9)	4.0	(1.0)
Net earnings (loss)	(26.0)	205.5	381.2
Less net earnings attributable to noncontrolling interests	202.0	224.1	218.2
Net earnings (loss) attributable to Envision Healthcare Corporation stockholders	(228.0)	(18.6)	163.0
Preferred stock dividends	(4.5)	(9.1)	(9.1)
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (232.5)	$ (27.7)	$ 153.9
Amounts attributable to Envision Healthcare Corporation common stockholders:			
Earnings (loss) from continuing operations, net of income tax	$ 259.4	$ (31.7)	$ 154.9
Earnings (loss) from discontinued operations, net of income tax	(491.9)	4.0	(1.0)
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (232.5)	$ (27.7)	$ 153.9
Basic earnings (loss) per share attributable to common stockholders:			
Net earnings (loss) from continuing operations	$ 2.19	$ (0.54)	$ 3.22
Net earnings (loss) from discontinued operations	(4.15)	0.07	(0.02)
Net earnings (loss)	$ (1.96)	$ (0.47)	$ 3.20
Diluted earnings (loss) per share attributable to common stockholders:			
Net earnings (loss) from continuing operations	$ 2.14	$ (0.54)	$ 3.18
Net earnings (loss) from discontinued operations	(4.07)	0.07	(0.02)
Net earnings (loss)	$ (1.93)	$ (0.47)	$ 3.16
Weighted average number of shares and share equivalents outstanding (in thousands):			
Basic	118,397	59,002	48,058
Diluted	120,943	59,002	51,612

See accompanying notes to the consolidated financial statements.

Envision Healthcare Corporation
Consolidated Statements of Comprehensive Income (Loss)
(In millions)

	Year Ended December 31,		
	2017	2016	2015
Net earnings (loss)	$ (26.0)	$ 205.5	$ 381.2
Other comprehensive income, net of income tax:			
Unrealized holding loss during the period, net of income tax	(4.0)	(0.2)	—
Comprehensive income (loss), net of income tax	(30.0)	205.3	381.2
Less comprehensive income attributable to noncontrolling interests	202.0	224.1	218.2
Comprehensive income (loss) attributable to Envision Healthcare Corporation stockholders	$ (232.0)	$ (18.8)	$ 163.0

See accompanying notes to the consolidated financial statements.

Envision Healthcare Corporation
Consolidated Statements of Changes in Equity
(Dollars in millions, shares in thousands)

	Envision Healthcare Corporation Stockholders									
	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests – Non-Redeemable	Total Equity (Permanent)	Noncontrolling Interests – Redeemable (Temporary Equity)
	Shares	Amount	Shares	Amount						
Balance at January 1, 2015	48,113	$ 885.4	1,725	$ 166.6	$ —	$ 627.5	$ —	$ 418.7	$ 2,098.2	$ 184.1
Net earnings	—	—	—	—	—	163.0	—	67.6	230.6	150.6
Issuance of stock	5,835	447.7	—	—	—	—	—	—	447.7	—
Issuance of restricted stock	314	—	—	—	—	—	—	—	—	—
Cancellation of restricted stock	(14)	—	—	—	—	—	—	—	—	—
Stock options exercised	113	2.6	—	—	—	—	—	—	2.6	—
Stock repurchased	(67)	(3.7)	—	—	—	—	—	—	(3.7)	—
Share-based compensation	—	15.0	—	—	—	—	—	—	15.0	—
Tax benefit related to exercise of share-based awards	—	4.0	—	—	—	—	—	—	4.0	—
Dividends paid on preferred stock	—	—	—	—	—	(9.1)	—	—	(9.1)	—
Acquisitions and other transactions impacting noncontrolling interests	—	1.0	—	—	—	—	—	81.9	82.9	(0.7)
Distributions to noncontrolling interests, net of capital contributions	—	—	—	—	—	—	—	(66.3)	(66.3)	(147.2)
Disposals and other transactions impacting noncontrolling interests	—	(6.6)	—	—	—	—	—	(30.6)	(37.2)	(11.1)
Balance at December 31, 2015	54,294	$ 1,345.4	1,725	$ 166.6	$ —	$ 781.4	$ —	$ 471.3	2,764.7	$ 175.7
Net earnings	—	—	—	—	—	(18.6)	—	73.6	55.0	150.5
Conversion of stock to $0.01 par value	—	(1,344.8)	—	(166.5)	1,511.3	—	—	—	—	—
Issuance of stock at Merger	62,582	0.6	—	—	4,262.5	—	—	—	4,263.1	—
Replacement share-based compensation awards issued at Merger	—	—	—	—	180.3	—	—	—	180.3	—
Issuance of restricted stock	662	—	—	—	—	—	—	—	—	—
Cancellation of restricted stock	(17)	—	—	—	—	—	—	—	—	—
Stock options exercised	40	—	—	—	0.7	—	—	—	0.7	—
Stock repurchased	(83)	—	—	—	(6.1)	—	—	—	(6.1)	—
Share-based compensation	—	—	—	—	29.4	—	—	—	29.4	—
Tax benefit related to exercise of share-based awards	—	—	—	—	3.9	—	—	—	3.9	—
Dividends paid on preferred stock	—	—	—	—	—	(9.1)	—	—	(9.1)	—
Acquisitions and other transactions impacting noncontrolling interests	—	—	—	—	1.8	—	—	189.0	190.8	4.0
Distributions to noncontrolling interests, net of capital contributions	—	—	—	—	—	—	—	(75.8)	(75.8)	(150.9)
Disposals and other transactions impacting noncontrolling interests	—	—	—	—	(7.5)	—	—	(1.3)	(8.8)	3.6
Unrealized holding gain on investments, net of income tax	—	—	—	—	—	—	(0.2)	—	(0.2)	—
Balance at December 31, 2016	117,478	$ 1.2	1,725	$ 0.1	$ 5,976.3	$ 753.7	$ (0.2)	$ 656.8	$ 7,387.9	$ 182.9
Balance at December 31, 2016	117,478	$ 1.2	1,725	$ 0.1	$ 5,976.3	$ 753.7	$ (0.2)	$ 656.8	$ 7,387.9	$ 182.9

See accompanying notes to the consolidated financial statements.

Appendix C

Envision Healthcare Corporation
Consolidated Statements of Changes in Equity - (continued)
(Dollars in millions, shares in thousands)

	Envision Healthcare Corporation Stockholders									
	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests - Non-Redeemable	Total Equity (Permanent)	Noncontrolling Interests – Redeemable (Temporary Equity)
	Shares	Amount	Shares	Amount						
Net earnings (loss)	—	—	—	—	—	(228.0)	—	65.8	(162.2)	136.2
Issuance of restricted stock	71	—	—	—	—	—	—	—	—	—
Cancellation of restricted stock	(45)	—	—	—	—	—	—	—	—	—
Conversion of preferred stock	3,128	—	(1,725)	(0.1)	0.1	—	—	—	—	—
Stock options exercised	523	—	—	—	5.4	—	—	—	5.4	—
Stock repurchased	(134)	—	—	—	(9.5)	—	—	—	(9.5)	—
Share-based compensation	—	—	—	—	48.7	—	—	—	48.7	—
Dividends paid on preferred stock	—	—	—	—	—	(4.5)	—	—	(4.5)	—
Acquisitions and other transactions impacting noncontrolling interests	—	—	—	—	0.8	—	—	23.7	24.5	(0.5)
Distributions to noncontrolling interests, net of capital contributions	—	—	—	—	—	—	—	(83.4)	(83.4)	(145.4)
Disposals and other transactions impacting noncontrolling interests	—	—	—	—	(12.9)	—	—	(20.6)	(33.5)	13.9
Unrealized holding gain on investments, net of income tax	—	—	—	—	—	—	(4.0)	—	(4.0)	—
Balance at December 31, 2017	121,021	$ 1.2	—	$ —	$ 6,008.9	$ 521.2	$ (4.2)	$ 642.3	$ 7,169.4	$ 187.1

See accompanying notes to the consolidated financial statements.

Envision Healthcare Corporation
Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net earnings (loss)	$ (26.0)	$ 205.5	$ 381.2
Adjustments to reconcile net earnings (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	434.0	149.9	97.5
Amortization of deferred loan costs	17.2	9.2	8.4
Provision for uncollectibles	5,276.2	917.2	287.4
Net (gain) loss on disposals and deconsolidations	2.4	(5.7)	(36.7)
Share-based compensation	48.7	29.4	15.0
Deferred income taxes	(481.4)	(78.9)	19.0
Equity in earnings of unconsolidated affiliates	(22.7)	(23.7)	(16.2)
Debt extinguishment costs	—	30.3	—
Impairment charges	500.3	221.3	—
Net change in fair value of contingent consideration	0.1	(2.6)	8.8
Loss on assets held for sale	515.2	—	—
Other, net	—	(3.9)	(4.0)
Increases (decreases) in cash and cash equivalents, net of acquisitions and dispositions:			
Accounts receivable	(5,455.5)	(1,003.0)	(326.2)
Supplies inventory	1.0	(0.9)	(0.3)
Prepaid and other current assets	(13.8)	(42.3)	25.9
Accounts payable	(12.1)	(1.6)	3.1
Accrued expenses and other liabilities	9.4	2.3	66.6
Other, net	4.4	17.3	8.5
Net cash flows provided by operating activities	797.4	419.8	538.0
Cash flows from investing activities:			
Acquisitions and related expenses, net of cash acquired	(757.8)	(394.3)	(962.7)
Acquisition of property and equipment	(208.9)	(99.5)	(60.3)
Increase in cash due to merger (see Notes 1 and 4)	—	165.8	—
Increase in cash due to consolidation of previously unconsolidated affiliates	—	31.4	—
Purchases of marketable securities	(24.5)	(1.6)	(3.9)
Maturities of marketable securities	15.0	3.8	4.2
Other, net	(5.9)	(9.3)	5.9
Net cash flows used in investing activities	(982.1)	(303.7)	(1,016.8)
Cash flows from financing activities:			
Proceeds from long-term borrowings	801.9	4,509.2	560.1
Repayment on long-term borrowings	(341.7)	(4,062.1)	(392.6)
Distributions to noncontrolling interests	(229.8)	(227.9)	(214.9)
Proceeds from common stock offering	—	—	466.8
Proceeds from issuance of common stock upon exercise of stock options	5.4	0.7	2.6
Repurchase of common stock	(9.5)	(6.1)	(3.7)
Payments of equity issuance costs	—	—	(19.1)
Financing costs incurred	(3.5)	(103.4)	(1.1)
Other, net	(17.5)	(1.6)	(20.7)
Net cash flows provided by financing activities	205.3	108.8	377.4
Net increase (decrease) in cash and cash equivalents	20.6	224.9	(101.4)
Cash and cash equivalents, beginning of period	331.6	106.7	208.1
Less cash and cash equivalents of held for sale assets, end of period	40.0	14.7	—
Cash and cash equivalents, end of period	$ 312.2	$ 316.9	$ 106.7

See accompanying notes to the consolidated financial statements.

Envision Healthcare Corporation
Notes to the Consolidated Financial Statements

(1) Description of Business and Summary of Accounting Policies

Envision Healthcare Corporation (the Company) was formed on June 10, 2016 for the purpose of effecting the merger (the Merger) of AmSurg Corp. (AmSurg) and Envision Healthcare Holdings, Inc. (EHH). Prior to the Merger, the Company did not conduct any activities other than those incidental to its formation and matters in connection with the consummation of the Merger on December 1, 2016. In connection with the Merger, (i) AmSurg merged with and into the Company, a wholly owned subsidiary of AmSurg, with the Company as the surviving entity and (ii) EHH merged with and into the Company, with the Company as the surviving entity. AmSurg was the accounting acquirer in the Merger; therefore, the historical consolidated financial statements of AmSurg for periods prior to the Merger are considered to be the historical financial statements of the Company. The Company's consolidated financial statements for 2016 reflect AmSurg's consolidated financial statements for the period from January 1, 2016 to November 30, 2016, and the Company's consolidated financial statements for the period from December 1, 2016 to December 31, 2016.

Following the completion of the Merger, the Company had three reportable segments: physician services, medical transportation and ambulatory services. The physician services segment reflects the combination of AmSurg's physician services segment and EHH's physician services segment, while the ambulatory services segment reflects AmSurg's ambulatory services segment. On February 28, 2017, the Company announced it would explore strategic alternatives for the medical transportation business. During the year ended December 31, 2017, the Company's board of directors (the Board) approved a plan to actively market and divest the medical transportation business. Accordingly, the results of the medical transportation business have been recorded in discontinued operations for the years ended December 31, 2017 and 2016 and assets and liabilities have been recorded as held for sale as of December 31, 2017 and 2016. The medical transportation business is no longer a separate reportable segment. See Note 5 for additional information.

Principles of Consolidation

The consolidated financial statements of the Company include its accounts, wholly owned subsidiaries and variable interest entities (VIEs) that the Company is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation. Reference Note 2 - Variable Interest Entities for further discussion on the considerations related to VIEs.

Noncontrolling Interests

Ownership interests in consolidated subsidiaries held by parties other than the Company are identified and generally presented in the consolidated financial statements within the equity section but separate from the Company's equity. However, for instances in which certain redemption features that are not solely within the control of the Company are present, classification of noncontrolling interests outside of permanent equity is required. Consolidated net earnings (loss) attributable to the Company and to the noncontrolling interests are identified and presented on the consolidated statements of operations; changes in ownership interests are accounted for as equity transactions; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary are measured at fair value. Certain transactions with noncontrolling interests are also classified within financing activities in the statements of cash flows.

Profits and losses of consolidated entities are allocated to the Company's partners in proportion to their ownership percentages and reflected in the aggregate as net earnings attributable to noncontrolling interests. The partners of the Company typically are organized as general partnerships, limited liability companies (LLCs) or limited partnerships (LPs) that are not subject to federal income tax. Each partner shares in the pre-tax earnings of the Company's consolidated partnerships. Accordingly, the earnings attributable to noncontrolling interests in each of the Company's consolidated partnerships are generally determined on a pre-tax basis, and total net earnings attributable to noncontrolling interests are presented after net earnings (loss). However, the Company considers the impact of the net earnings attributable to noncontrolling interests on earnings before income taxes in order to determine the amount of pre-tax earnings on which the Company must determine its income tax expense. In addition, distributions from the partnerships are made to both the Company's wholly-owned subsidiaries and the partners on a pre-tax basis.

Cash and Cash Equivalents

Cash and cash equivalents are comprised principally of demand deposits at banks and other highly liquid short-term investments with maturities of three months or less when purchased. Cash and cash equivalents are reflected in the financial statements at cost, which approximates fair value.

Restricted Cash and Marketable Securities

At December 31, 2017 and 2016, the Company held restricted cash and cash equivalents of $30.8 million and $43.5 million, respectively, classified within insurance collateral in the accompanying consolidated balance sheets. The cash was restricted for the purpose of satisfying the obligations of the Company's wholly owned captive insurance companies.

Supplemental Cash Flow Data

The following presents supplemental cash flow statement disclosure (in millions):

	Year Ended December 31,		
	2017	2016	2015
Supplemental cash flow information:			
Interest payments	$ 305.3	$ 112.9	$ 112.7
Income tax payments, net of refunds	$ 24.5	$ 98.6	$ 74.6

Supplies Inventory

Supplies inventory is valued at cost, determined on a first-in, first-out basis. Durable medical supplies and other miscellaneous items are capitalized into inventory and expensed as used on a first-in, first-out basis.

Related Party Transactions

Certain surgery centers in our ambulatory services segment lease space from entities affiliated with their physician partners at negotiated rates that management believes were equal to fair market value at the inception of the leases based on relevant market data. Certain surgery centers reimburse their physician partners for salaries and benefits and billing fees related to time spent by employees of their practices on activities of the centers at current market rates. In addition, certain surgery centers compensate at market rates their physician partners for physician advisory services provided to the surgery centers, including medical director and performance improvement services. Transactions with these related parties were less than 2% of total operating expenses for the year ended December 31, 2017.

It is the Company's policy that all transactions by the Company with officers, directors, five percent stockholders and their affiliates be entered into only if such transactions are on terms no less favorable to the Company than could be obtained from unaffiliated third parties, are reasonably expected to benefit the Company and are approved by the Nominating and Corporate Governance Committee of the Company's Board of Directors.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts in the accompanying consolidated financial statements and these notes have been reclassified to reflect the impact of discontinued operations as further discussed in Note 5 and also to conform classifications as a result of the Merger.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 "Revenue from Contracts with Customers," which will eliminate the transaction and industry-specific revenue recognition guidance under current GAAP and replace it with a principle-based approach using the following steps: identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU 2015-14 "Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date," which granted a one-year deferral of this ASU. In 2016 and 2017, the FASB issued the following ASUs to provide entities further clarity on the application of ASU 2014-09:

- ASU No. 2016-08 "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)"
- ASU No. 2016-10 "Identifying Performance Obligations and Licensing"
- ASU No. 2016-12 "Narrow-Scope Improvements and Practical Expedients"
- ASU No. 2016-20 "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers"
- ASU No. 2017-13 "Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior Securities and Exchange Commission (SEC) Staff Announcements and Observer Comments (SEC Update)"

The guidance in ASU No. 2014-09 and the subsequently related ASUs will be effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods therein. The Company adopted the new standard effective January 1, 2018 using the modified retrospective method. As a result of using this approach, the Company will recognize the cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption. The adoption of the standard did not have a material impact on the results of operations or cash flows for the ambulatory services segment or its physician services segment. However, as a result of certain changes by ASU No. 2014-09 and the subsequently related ASUs, the majority of the Company's provision for uncollectibles will be recognized as a direct reduction to revenues, instead of separately as a deduction to arrive at revenue.

The majority of our revenue is generated from fee-for-service, patient revenue, which is derived principally through contracts originating from the provision of physician services during episodes of care to patients of healthcare facilities in communities served and from facility fees for procedures performed at medical centers. These episodes of care and procedures qualify as distinct goods and services, provided simultaneously together with other readily available resources, in a single instance of service, and thereby constitute a single performance obligation for each patient encounter and, in most instances, occur at readily determinable transaction prices. In addition, the Company adopted a portfolio approach to our sources of patient revenue, applied by specialty to each healthcare facility or medical center. At these levels, portfolios share the characteristics conducive to ensuring that the results do not materially differ from the new standard applied to individual patient contracts related to each episode of care. Accordingly, the Company does not expect a change to how patient revenue is currently recognized. Contract and other revenue primarily represents income earned from healthcare facilities and medical centers to supplement third-party and patient reimbursement and contract staffing assignments. The transaction price for these arrangements may be fixed or variable, with determination periods ranging from one month to 18 months. In these instances, the Company will estimate variable compensation at contract commencement and recognize revenue monthly on a straight-line basis, which correlates with the performance obligation to stand ready. Based on the Company's evaluation of the new standard, the Company does not expect a material impact on our revenue recognition, results of operations, cash flows or policies as a result of adopting the new standard.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments - Overall," which requires entities to measure at fair value equity investments that do not result in consolidation and are not accounted for under the equity method and recognize any changes in fair value in net income unless the investments qualify for the practicability exception. The standard does not change the guidance for classifying and measuring investments in debt securities and loans. The standard is effective for annual periods beginning after December 15, 2017, and interim periods within those years. The Company does not believe the impact of this ASU will be material to the Company's consolidated financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, "Leases," and subsequently ASU No. 2017-13, which amend existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the balance sheet and making changes to lessor accounting. The standard is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The new standard requires a modified retrospective application for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company will adopt the new standard effective January 1, 2019. The Company expects that nearly all leases currently classified as operating leases will be classified as operating leases under the new standard with a right-of-use asset and a corresponding obligation recognized on the balance sheet at the adoption date. The Company has not yet determined the impact this ASU will have on the Company's results of consolidated financial position, results of operations or cash flows.

In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting," which changed how companies account for certain aspects of share-based payments to employees by requiring companies to recognize the income tax effects of awards in the income statement when the awards vest or are settled. The standard was effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company adopted this standard effective January 1, 2017 and determined there were no unrecognized tax benefits which required reclassification from additional paid in capital to retained earnings. As a result of the adoption, the Company has recognized an expense of $2.0 million associated with the awards that were either exercised or vested during the year ended December 31, 2017.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (A Consensus of the FASB Emerging Issues Task Force)," which requires entities to show the changes in cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. Entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The standard is effective for annual periods beginning after December 15,.2017, and interim periods within those years and is to be adopted retrospectively. The Company does not believe the impact of this ASU will be material to the Company's consolidated financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805) - Clarifying the Definition of a Business," which changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within those years. The Company does not believe the impact of this ASU will be material to the Company's consolidated financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment," which eliminates the requirement to calculate the implied fair value of goodwill to measure an impairment charge. Instead, companies will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company elected to early adopt ASU 2017-04 effective October 1, 2017. See Note 10 for a discussion of the Company's goodwill and other indefinite-lived intangible assets and a discussion of the results of the annual assessment.

(2) Variable Interest Entities

GAAP requires variable interest entities (VIEs) to be consolidated if an entity's interest in the VIE is a controlling financial interest. Under the variable interest model, a controlling financial interest is determined based on which entity, if any, has (i) the power to direct the activities of the VIE that most significantly impacts the VIEs economic performance and (ii) the obligations to absorb the losses that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company performs ongoing reassessments of (i) whether entities previously evaluated under the majority voting-interest framework have become VIEs, based on certain triggering events, and therefore would be subject to the VIE consolidation framework, and (ii) whether changes in the facts and circumstances regarding the Company's involvement with a VIE cause the Company's consolidation conclusion to change. The consolidation status of the VIEs with which the Company is involved may change as a result of such reassessments. Changes in consolidation status are applied prospectively with assets and liabilities of a newly consolidated VIE initially recorded at fair value.

Physician Services Segment

The physician services segment structures its contractual arrangements for services in various ways. In most states, a wholly owned subsidiary contracts with hospitals to provide management services. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries along with the accounts of affiliated professional corporations (PCs) with which the Company has management arrangements. The Company's agreements with these PCs provide that the term of the arrangements is permanent, subject only to termination by the Company, except in the case of gross negligence, fraud or bankruptcy of the Company. The PC structure is necessary in states which prohibit the corporate practice of medicine but this structure is utilized by the Company in the majority of its physician practices regardless of the state where the PC operates. The arrangements are captive in nature as a majority of the outstanding voting equity instruments of the PCs are owned by nominee shareholders appointed at the sole discretion of the Company. The nominee shareholder is a medical doctor who is generally a senior corporate employee of the Company. The Company has a contractual right to transfer the ownership of the PCs at any time to any person it designates as the nominee shareholder. The Company has the right to all assets and to receive income, both as ongoing fees and as proceeds from the sale of any interest in the PCs, in an amount that fluctuates based on the performance of the PCs and the change in the fair value of the interest in the PCs. The Company has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the PCs and establishes the guidelines for the employment and compensation of the physicians and other employees of the PCs, which is consistent with the operation of the Company's wholly owned subsidiaries. Based on the provisions of these agreements, the Company has determined that the PCs are variable interest entities and that the Company is the primary beneficiary as defined in ASC 810 "Consolidations."

The Company has a variable interest in the PCs through the management contracts and the PCs are considered VIEs due to its equity holder lacking the obligation to absorb expected losses or receive expected residual returns. The contractual arrangement to provide management services allows the Company to direct the economic activities considered most significant to the PC. Accordingly, the Company is the primary beneficiary of the PCs and consolidates the PCs under the variable interest model in ASC 810.

The physician services segment also has partnerships with health systems that are considered VIEs. The Company consolidates the majority of the partnerships with health systems as the Company is the primary beneficiary due to its ability to direct the majority of activities that most significantly impact the economic performance of the partnership which generally occurs through a management services agreement. Therefore, the results of consolidated partnerships are reflected as a component of the accompanying consolidated balance sheets, statements of operations and statements of cash flows.

The total assets (excluding goodwill and intangible assets, net) of the consolidated VIEs within the physician services segment, which are included in the accompanying consolidated balance sheets, as of December 31, 2017 and 2016, were $1.56 billion and $1.31 billion, respectively, and the total liabilities of the consolidated VIEs were $1.31 billion and $1.10 billion, respectively. Included in total assets as of December 31, 2017 and 2016 were $248.4 million and $215.7 million, respectively, of assets which were restricted as to use due to the Company's ownership percentage in certain of the partnerships with health systems and could only be used to settle the obligations of the VIEs. The creditors of the consolidated VIEs within the physician services segment have no recourse to the Company.

Ambulatory Services Segment

The Company, through its wholly owned subsidiaries, owns interests, primarily 51%, in limited liability companies and limited partnerships which own and operate ambulatory surgery centers (ASCs or surgery centers). The Company has variable interests in the LLCs and LPs through its equity ownership interests. Each LLC and LP is considered a VIE due to its structure as a limited partnership or functional equivalent under ASU No. 2015-02. For those LLCs and LPs which the Company consolidates, the Company is considered the primary beneficiary due to the partnership agreements allowing the Company to govern the day-to-day activities and thereby control the most significant economic activities.

The total assets (excluding goodwill and intangible assets, net) of the consolidated VIEs within the ambulatory services segment, which are included in the accompanying consolidated balance sheets, as of December 31, 2017 and 2016, were $375.3 million and $388.1 million, respectively, and the total liabilities of the consolidated VIEs were $119.8 million and $117.9 million, respectively. Included in total assets as of December 31, 2017 and 2016, respectively, were $178.4 million and $185.5 million of assets, which were restricted as to use due to the Company's ownership percentage in these entities and could only be used to settle the obligations of the VIEs. The creditors of the VIEs have no recourse to the Company, with the exception of $19.3 million and $14.7 million of debt guaranteed by the Company at December 31, 2017 and 2016, respectively.

Unconsolidated Variable Interest Entities

The Company also has certain equity interests in unconsolidated affiliates which meet the definition of a VIE. The Company has a variable interest in 31 LLCs and LPs through its equity interests; however, the Company is not the primary beneficiary of these entities as it does not have the power to direct the activities that most significantly impact the entities' economic performance as a result of the Company's shared or lack of control. In each of the investments, the Company is not obligated to contribute any additional capital beyond its initial contribution and its maximum exposure to loss is limited to the initial capital contribution. As a result, the Company has accounted for these investments under the equity method of accounting and net earnings or loss from these investments is included in equity in earnings of unconsolidated affiliates in the accompanying consolidated statements of operations. See Note 9 for further information.

The Company recognized management and billing fees associated with these investments totaling $5.4 million, $13.7 million and $16.0 million during the years ended December 31, 2017, 2016 and 2015, respectively, which are included in net revenue in the accompanying consolidated statements of operations. The Company has also recorded receivables from these entities in the amount of $3.9 million and $6.1 million as of December 31, 2017 and 2016, respectively. These receivables are included in the other current assets in the accompanying consolidated balance sheets.

(3) Revenue Recognition and Accounts Receivable

Revenue Recognition

Net revenue primarily consists of fee for service revenue and is derived principally from the provision of physician services to patients of the healthcare facilities and communities served and from facility fees for the procedures performed at surgery centers. Contract revenue and other revenue primarily represents income earned from hospital customers to supplement payments from third-party payors and contract staffing assignments.

Patients are billed for services provided, and the Company receives payments for these services from patients or their third-party payors. Payments for services provided are generally less than billed charges. The Company recognizes fee for service revenue, net of contractual adjustments and provision for uncollectibles, at the time services are provided by healthcare providers. Services provided but not yet billed are estimated and recognized in the period services are provided. Revenue recognized for services provided during the period but not yet billed are based on fees and negotiated payment rates. In the case of third-party payors, the specific benefits provided for under each patients' healthcare plan, mandated payment rates under the Medicare and Medicaid programs, and historical cash collections are utilized. The Comj any records net revenue from uninsured patients at an estimated realizable value, which includes a provision for uncollectible balances, based on historical cash collections (net of recoveries). The Company records revenue net of an allowance for contractual adjustments, which represents the net revenue expected to collect from third-party payors (including managed care, commercial and governmental payors such as Medicare and Medicaid) and patients insured by these payors. These expected collections are based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient's healthcare plans, mandated payment rates in the case of Medicare and Medicaid programs, and historical cash collections (net of recoveries). The provision for uncollectibles includes an estimate of uncollectible balances due from uninsured patients, uncollectible co-pay and deductible balances due from insured patients and special charges, if any, for uncollectible balances due from managed care, commercial and governmental payors.

In certain circumstances, federal law requires providers to render emergency medical services to any patient who requires care regardless of their ability to pay. Services to these patients are not considered to be charity care and provisions for uncompensated care for these services are estimated accordingly. Although the Company does provide a level of charity care it is not significant to the Company's net revenues.

Estimating net revenue is a complex process, largely due to the volume of transactions, the number and complexity of contracts with payors, the limited availability, at times, of certain patient and payor information at the time services are provided, and the length of time it takes for collections to fully mature. In the period services are provided, the Company estimates gross charges based on billed services plus an estimate for unbilled services based on pending case data collected, estimates contractual allowances based on contracted rates and historical or actual cash collections (net of recoveries), when available, and estimates the provision for uncollectibles based on historical cash collections (net of recoveries) from uninsured patients. The relationship between gross charges and the allowances for both contractual adjustments and provision for uncollectibles is significantly influenced by payor mix, as collections on gross charges may vary significantly depending on whether and with whom the patients the Company provides services to in the period are insured and the Company's contractual relationships with those payors. Payor mix is subject to change as additional patient and payor information is obtained after the period services are provided. The Company periodically assesses the estimates of unbilled revenue, contractual adjustments, provision for uncollectibles and payor mix for a period of at least one year following the date of service by analyzing actual results, including cash collections, against estimates. Changes in these estimates are charged or credited to the consolidated statement of operations in the period that the assessment is made. Significant changes in payor mix, contractual arrangements with payors, specialty mix, acuity, business office operations, general economic conditions and health care coverage provided by federal or state governments or private insurers may have a significant impact on estimates and significantly affect the results of operations and cash flows. Concentration of credit risk with respect to other payors is limited due to the large number of such payors.

Contract and other revenue primarily represents income earned from healthcare facilities and medical centers to supplement third-party and patient reimbursement and contract staffing assignments. The transaction price for these arrangements may be fixed or variable, with determination periods ranging from one month to 18 months. In these instances, the Company expects to estimate variable compensation at contract commencement and recognize revenue monthly on a straight-line basis, which correlates with the performance obligation to stand ready.

The Company's billing and accounting systems provide historical trends of cash collections and contractual write-offs, accounts receivable agings and established fee adjustments from third-party payors. These estimates are recorded and monitored monthly as revenues are recognized. These estimates are not, however, established from billing system generated contractual adjustments based on fee schedules for the patient's insurance plan for each patient encounter. The principal exposure for uncollectible fee for service visits is from self-pay patients and, to a lesser extent, for co-payments and deductibles from patients with insurance.

Net revenue for the Company consists of the following major payors (in millions):

	Year Ended December 31,					
	2017		2016 [1]		2015	
Medicare	$ 1,902.1	24%	$ 747.6	22%	$ 508.6	20%
Medicaid	657.1	8	187.1	5	96.1	4
Commercial and managed care	5,057.1	65	2,526.1	73	1,881.2	73
Self-pay	3,568.0	46	643.1	18	217.3	8
Net fee for service revenue	11,184.3	143	4,103.9	118	2,703.2	105
Contract and other revenue	993.2	13	218.5	6	129.8	5
Provision for uncollectibles	(4,358.2)	(56)	(824.5)	(24)	(266.1)	(10)
Net revenue	$ 7,819.3	100%	$ 3,497.9	100%	$ 2,566.9	100%

(1) On December 1, 2016, the Company completed the Merger. Accordingly, historical amounts from EHH for periods prior to that date are not included.

During the year ended December 31, 2017, the Company's net fee for service revenue associated with self-pay, prior to the provision for uncollectibles, has significantly increased primarily due to the payor mix of EHH which has a higher percentage of self-pay patients from the concentration of emergency medicine services.

Due to the nature of the Company's operations, it is required to separate the presentation of its bad debt expense on the consolidated statements of operations. The Company records the portion of its bad debts associated with its physician services segment as a component of net revenue in the accompanying consolidated statements of operations, and the remaining portion, which is associated with its ambulatory services segment, is recorded as a component of other operating expenses in the accompanying consolidated statements of operations. The bifurcation is a result of the Company's ability to assess the ultimate collection of the patient service revenue associated with its ambulatory services segment before services are provided as those services are pre-scheduled and non-emergent. Bad debt expense for ambulatory services is included in other operating expenses and was $25.2 million, $24.5 million and $21.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Accounts Receivable

The Company manages accounts receivable by regularly reviewing its accounts and contracts and by providing appropriate allowances for contractual adjustments and uncollectible amounts. Some of the factors considered by management in determining the amount of such allowances are the historical trends of cash collections, contractual and bad debt write-offs, accounts receivable agings, established fee schedules, contracts with payors, changes in payor mix and procedure statistics. Actual collections of accounts receivable in subsequent periods may require changes in the estimated contractual allowances and provision for uncollectibles.

The Company tests its analysis by comparing cash collections to net patient revenues and monitoring self-pay utilization. In addition, when actual collection percentages differ from expected results, on a contract by contract basis, supplemental detailed reviews of the outstanding accounts receivable balances may be performed by the Company's billing operations to determine whether there are facts and circumstances existing that may cause a different conclusion as to the estimate of the collectability of that contract's accounts receivable from the estimate resulting from using the historical collection experience. The Company also supplements its allowance for doubtful accounts analysis for its physician services segment quarterly using a hindsight calculation that utilizes write-off data for all payor classes during the previous twelve month period to estimate the allowance for doubtful accounts at a point in time. Changes in these estimates, if any, are charged or credited to the consolidated statements of operations in the period of change. Material changes in estimates may result from unforeseen write-offs of patient or third-party accounts receivable, unsuccessful disputes with managed care payors, adverse macro-economic conditions which limit patients' ability to meet their financial obligations for the care provided by physicians, or broad changes to government regulations that adversely impact reimbursement rates for services provided by the Company. Significant changes in payor mix, changes in contractual arrangements with payors, business office operations, general economic conditions and health care coverage provided by federal or state governments or private insurers may have a significant impact on the Company's estimates and significantly affect its results of operations and cash flows. Concentration of credit risk is limited by the diversity and number of facilities, patients, payors and by the geographic dispersion of the Company's operations.

A rollforward of the allowance for uncollectible accounts is as follows (in millions):

	Balance at Beginning of Period	Charged to Cost and Expenses	Charge-off Against Allowances	Balance at End of Period
Year ended December 31, 2017	$ 584.0	$ 4,383.4	$ (2,412.9)	$ 2,554.5
Year ended December 31, 2016	167.4	849.0	(432.4)	584.0
Year ended December 31, 2015	113.4	287.4	(233.4)	167.4

The increase in the allowance for doubtful accounts from December 31, 2016 to December 31, 2017 is primarily a result of the Merger, which represents $1.87 billion, and from acquisitions completed during the year ended December 31, 2017 and the latter half of 2016. Additionally, the allowance at December 31, 2016 has been reduced by $68.2 million related to the amount reclassified as part of the medical transportation business being held for sale.

(4) Acquisitions and Disposals

The Company accounts for its business combinations under the fundamental requirements of the acquisition method of accounting and under the premise that an acquirer be identified for each business combination. The acquirer is the entity that obtains control of one or more businesses in the business combination and the acquisition date is the date the acquirer achieves control. The assets acquired, liabilities assumed and any noncontrolling interests in the acquired business at the acquisition date are recognized at their fair values as of that date, and the direct costs incurred in connection with the business combination are recorded and expensed separately from the business combination. Acquisitions in which the Company is able to exert significant influence but does not have control are accounted for using the equity method.

EHH Merger

On December 1, 2016, AmSurg and EHH completed the Merger and the strategic combination of their respective businesses. The Company believes the Merger combined two industry leaders to create a premier healthcare services provider offering clinical solutions on a national scale, enabling the Company to create value for health systems, payors, providers and patients. Based on an evaluation of the provisions of ASC Topic 805, Business Combinations, AmSurg was determined to be the acquirer for accounting purposes. Under the terms of the Merger, each share of AmSurg common stock was converted into one share of Company common stock, each share of AmSurg 5.25% mandatory convertible preferred stock, Series A-1 (AmSurg Preferred Stock) was converted into one share of Company 5.25% mandatory convertible preferred stock, Series A-1 (Company Preferred Stock), and each share of EHH common stock was converted into 0.334 shares of Company common stock. Pursuant to the Merger, the Company issued 62,582,161 shares of common stock to former EHH stockholders which were valued at approximately $4.26 billion based on the closing price of AmSurg's common stock on November 30, 2016. In addition, the Company issued replacement equity awards which were valued at $180.3 million.

Concurrently with the Merger, on December 1, 2016, the Company entered into a new senior secured credit facility, which provided for a $3.50 billion term loan and an $850.0 million ABL revolving credit facility (as defined in Note 13). At the closing of the Merger, the Company also completed a private offering of $550.0 million aggregate principal amount of 6.25% senior unsecured notes due 2024 to provide incremental financing to the Company, adjust scheduled maturities and reallocate between variable and fixed rate debt.

Fees and expenses associated with the Merger, which includes fees incurred related to the Company's equity issuances and debt financings, was approximately $199.0 million during the year ended December 31, 2016. Approximately $94.9 million was capitalized as deferred financing costs, $73.8 million was expensed as transaction and integration costs, and $30.3 million was recorded as debt extinguishment costs during the year ended December 31, 2016.

Net revenues from continuing operations included in the Company's consolidated results as a result of the Merger were $4.17 billion $347.9 million during the years ended December 31, 2017 and 2016. Disclosure of net earnings associated with EHH since the closing date for the years ended December 31, 2017 and 2016 is not practicable as it is not being operated as a standalone business.

Physician Services Activity

The Company, through wholly owned subsidiaries, completed the acquisition of twelve physician practices in 2017 and eleven physician practices in 2016. During 2017 and 2016, the total consideration consisted of cash of $584.1 million and $355.0 million, respectively, which was paid in cash and funded by either operating cash flow or borrowings under the Company's existing or prior revolving credit agreement or a combination thereof.

The acquisitions completed during the year ended December 31, 2017 consist of the following:

Acquired Operations	Location	Date Acquired	Specialty
Sunshine Radiology, LLC	Tampa Bay, FL	January 2017	Radiology
Emergency Professional Services	Phoenix, AZ	January 2017	Emergency
Hamilton Anesthesia Associates, PC	Trenton, NJ	February 2017	Anesthesia
Imaging Advantage, LLC	Phoenix, AZ	April 2017	Radiology
Gwinnett Emergency Specialists, PC	Lawrenceville, GA	May 2017	Emergency
Arizona Professional Corp	Phoenix, AZ	June 2017	Anesthesia
Anesthesia Associates of New London, PC	New London, CT	June 2017	Anesthesia
Northside Emergency Associates, PC	Atlanta, GA	June 2017	Emergency
Infinity Healthcare, Inc.	Milwaukee, WI	June 2017	Emergency
Cape Anesthesia & Pain Management Associates	Cape May Court, NJ	August 2017	Anesthesia
Meriden Wallingford Anesthesia Group, PC	Meriden, CT	November 2017	Anesthesia
Nova Anesthesia Professionals	Villanova, PA	December 2017	Anesthesia

Ambulatory Services Activity

During the years ended December 31, 2017 and 2016, the Company, through wholly owned subsidiaries, acquired a controlling interest in four and seven surgery centers, respectively. The aggregate amount paid for the centers and for settlement of purchase price payable obligations during December 31, 2017 and 2016 was approximately $47.3 million and $39.3 million, respectively, and was paid in cash and funded by either operating cash flow or borrowings under the Company's existing or prior revolving credit agreement or a combination thereof. During the years ended December 31, 2017 and 2016, the Company disposed of six and four surgery centers, respectively. The Company recognized a net loss from the disposals of $2.5 million in the year ended December 31, 2017 and a net gain from the disposals of $6.2 million in the year ended December 31, 2016.

The acquisitions completed during the year ended December 31, 2017 consist of the following:

Acquired Operations	Location	Date Acquired	Specialty
MidAtlantic Endoscopy, LLC (two locations)	Lancaster, PA	February 2017	Gastroenterology
Northeast Endoscopy Center, LLC	Lowell, MA	June 2017	Gastroenterology
Maryland Surgery Center for Women, LLC	Rockville, MD	June 2017	Multispecialty

Purchase Price Allocations

Acquired assets and assumed liabilities include, but are not limited to, accounts receivable, fixed assets, intangible assets, deferred income taxes and insurance liabilities. The valuations are based on appraisal reports, discounted cash flow analyses, actuarial analyses or other appropriate valuation techniques to determine the fair value of the assets acquired or liabilities assumed. The fair value assigned to goodwill is primarily attributable to synergies expected to arise after the Merger by enhancing the growth profile and diversity of the Company across the healthcare continuum. The Merger did not result in additional tax deductible goodwill. A majority of the deferred income taxes recognized as a component of the Company's purchase price allocation is a result of the difference between the book and tax basis of the intangible assets recognized.

During 2017, adjustments were recorded to the purchase price allocation related to EHH as part of the Company's evaluation of the assets and liabilities existing at the date of acquisition. This resulted in a net increase to goodwill of approximately $103.3 million and corresponding changes to certain account classes from the preliminary allocation recorded at December 31, 2016 that are reflected in the table below, which has been finalized as of December 31, 2017. The acquisition date fair value of the total consideration transferred and acquisition date fair value of each major class of consideration for the acquisition of EHH are as follows (in millions):

Cash and cash equivalents	$ 165.8
Insurance collateral	59.9
Accounts receivable	1,153.2
Supplies inventory	38.7
Prepaid and other current assets	115.7
Property and equipment	375.9
Goodwill	4,624.1
Intangible assets	3,030.8
Other long-term assets	98.5
Accounts payable	(64.4)
Accrued salaries and benefits	(338.0)
Accrued interest	(17.3)
Other accrued liabilities	(360.2)
Deferred income taxes	(883.2)
Long term insurance reserves	(318.1)
Other long-term liabilities	(60.3)
Long-term debt	(3,063.1)
Total fair value	4,558.0
Less: Fair value attributable to noncontrolling interests	114.6
Acquisition date fair value of total consideration transferred	$ 4,443.4

The acquisition date fair value of the total consideration transferred and acquisition date fair value of each major class of consideration for the individual acquisitions in the physician services and ambulatory services segments completed during 2017 and 2016, including post acquisition date adjustments recorded to purchase price allocations, are as follows (in millions):

	2017 [1]	2016
Accounts receivable	$ 58.2	$ 28.5
Supplies inventory	0.3	0.8
Prepaid and other current assets	5.8	1.8
Property and equipment	3.1	17.2
Goodwill	472.2	300.8
Intangible assets	271.8	136.8
Other long-term assets	1.0	3.6
Accounts payable	(8.4)	(1.1)
Accrued salaries and benefits	(23.9)	(5.9)
Other accrued liabilities	(39.3)	(5.5)
Deferred income taxes	(37.4)	(27.6)
Other long-term liabilities	(40.8)	(4.2)
Long-term debt	(0.5)	(12.6)
Total fair value	662.1	432.6
Less: Fair value attributable to noncontrolling interests	30.8	26.9
Acquisition date fair value of total consideration transferred	$ 631.3	$ 405.7

(1) Represents the preliminary allocation of fair value of acquired assets and liabilities associated with acquisitions completed during December 31, 2017, including subsequent post acquisition date adjustments.

During 2017, no significant changes were made to the purchase price allocation of assets and liabilities, existing at the date of acquisition, related to individual acquisitions completed in 2016. For the years ended December 31, 2017 and 2016 approximately $246.5 million and $148.1 million, respectively, of goodwill recorded was deductible for tax purposes.

The total fair value of acquisitions completed by the Company include amounts allocated to goodwill, which result from the acquisitions' favorable reputations in their markets, their market positions and their ability to deliver quality care with high patient satisfaction consistent with the Company's business model. Fair value attributable to noncontrolling interests is based on significant inputs that are not observable in the market. Key inputs used to determine the fair value include financial multiples used in the purchase of noncontrolling interests primarily from acquisitions of centers. Such multiples, based on earnings, are used as a benchmark for the discount to be applied for the lack of control or marketability. The fair value of noncontrolling interests for acquisitions where the purchase price allocation is not finalized may be subject to adjustment as the Company completes its initial accounting for acquired intangible assets. Additionally, the Company continues to obtain information relative to the fair values of assets acquired, liabilities assumed and any noncontrolling interests associated with acquisitions completed in the last 12 months. Acquired assets and assumed liabilities include, but are not limited to, accounts receivable, fixed assets, intangible assets, deferred income taxes and insurance liabilities. The valuations are based on appraisal reports, discounted cash flow analyses, actuarial analyses or other appropriate valuation techniques used to determine the fair value of the assets acquired or liabilities assumed. A majority of the deferred income taxes recognized as a component of the Company's purchase price allocation is a result of the difference between the book and tax basis of the amortizable intangible assets recognized. The amount allocated to the deferred income tax liability is subject to change as a result of the final allocation of purchase price to amortizable intangibles. The Company expects to finalize the purchase price allocation for its most recent acquisitions as soon as practical.

During the years ended December 31, 2017, 2016 and 2015, the Company incurred approximately $88.7 million, $76.3 million and $8.4 million of transaction and integration costs, respectively. The costs incurred during the year ended December 31, 2017 and 2016 were primarily a result of the Merger. Such amounts excluded financing costs that were capitalized or debt extinguishment costs that were expensed as part of the financing transactions associated with acquisitions.

Net revenue and net earnings associated with completed acquisitions during the years ended December 31, 2017 and 2016 are (in millions):

	Year Ended December 31,	
	2017	2016
Net revenue	$ 363.6	$ 104.0
Net earnings	13.9	12.3
Less: Net earnings attributable to noncontrolling interests	2.9	2.2
Net earnings attributable to Envision Healthcare Corporation stockholders	$ 11.0	$ 10.1

The unaudited consolidated pro forma results for the years ended December 31, 2017 and 2016, assuming all 2017 acquisitions had occurred on January 1, 2016, and the Merger and all 2016 acquisitions had been consummated on January 1, 2015 are as follows (in millions):

	Year Ended December 31,	
	2017	2016
Net revenue	$ 8,032.8	$ 7,788.5
Net earnings from continuing operations attributable to Envision Healthcare Corporation stockholders	286.9	233.3

The unaudited pro forma results for the year ended December 31, 2017 were adjusted to exclude $88.7 million of transaction costs, which is reflected in the unaudited pro forma results for 2016, and $500.0 million of impairment charges. The unaudited pro forma results for the year ended December 31, 2016 were adjusted to exclude $76.3 million of transaction costs, $30.3 million of debt extinguishment costs and $221.3 million of impairment charges. The unaudited pro forma results for the year ended December 31, 2017 and 2016 were adjusted to exclude the results from the medical transportation business, including $58.1 million of pre-tax corporate overhead expenses allocated to continuing operations during the year ended December 31, 2017. In addition, the unaudited pro forma results assume proceeds from the sale of the medical transportation business would be used to repay outstanding debt obligations. Certain other adjustments, including those related to conforming accounting policies, have not been reflected in the supplemental pro forma operating results due to the impracticability of estimating such impacts.

(5) Discontinued Operations

During 2017, the Company initiated a strategic review of each of the Company's lines of business. As a result of that review, management and the Board determined that the Company will focus on physician centric services, including facility based physician services, post-acute services and ambulatory services, which partners with community based physicians across the country. Accordingly, the Board approved a plan to market and divest the medical transportation business, representing the historical medical transportation reportable segment. The Company determined that the planned divestiture of the medical transportation business meets the criteria for classification as discontinued operations. All historical operating results for the medical transportation business are reflected within discontinued operations in the consolidated statements of operations. Furthermore, all assets and liabilities associated with the medical transportation business were classified as assets and liabilities held for sale in our consolidated balance sheets for all periods presented and have been finalized in regards to the purchase price allocation from the Merger. On August 7, 2017, the Company executed a definitive agreement to sell its medical transportation business to an entity controlled by funds affiliated with KKR & Co. L.P. for approximately $2.40 billion in cash. The transaction is subject to regulatory approval and customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act. The Company received a second request from the Federal Trade Commission (FTC) asking for further information related to the transaction, and the buyer has agreed to certain divestiture remedies to address concerns raised by the FTC.

In accordance with ASC 740, "Income Taxes", a tax liability should be recognized for the excess of the financial reporting basis over the tax basis (or the tax benefit when the tax basis exceeds the financial reporting basis) of an investment in a subsidiary (outside basis difference) when it is apparent that the temporary differences will reverse in the foreseeable future. In connection with presenting the medical transportation business as a discontinued operation as of December 31, 2017, the Company was required to re-evaluate its position related to the recognition of a deferred tax asset or liability for the outside basis differences of the entities being held for sale. Previously, deferred taxes for such outside basis differences had not been recognized as the Company applied one of the exceptions provided in ASC 740. However, the outside basis differences are now expected to reverse in the foreseeable future and therefore, these exceptions no longer applied at December 31, 2017. As a result, the Company recorded deferred tax expense and associated deferred tax liability in the amount of $14.5 million, which is a component of income tax expense of discontinued operations, as of December 31, 2017, and will be the obligation of the Company upon the completion of the divestiture of the medical transportation business. This amount decreased from $503.0 million at September 30, 2017 due to an expected change in the proposed tax structure as a significant portion of the medical transportation business will likely be disposed of through an asset sale rather than a stock sale. Additionally, the Tax Cuts and Jobs Act, (the Act) was signed into law and under ASC 740, the tax effects of changes in tax laws are allocated to income from continuing operations rather than discontinued operations.

The following table is a reconciliation of the major classes of assets and liabilities classified as held for sale in the accompanying consolidated balance sheets representing the medical transportation business as of December 31, 2017 and December 31, 2016 (in millions):

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 40.0	$ 14.7
Insurance collateral [(1)]	1.3	—
Accounts receivable, net	479.9	457.2
Supplies inventory	36.3	37.8
Prepaid and other current assets	31.7	41.4
Property and equipment, net	310.2	294.4
Investments in unconsolidated affiliates	0.4	2.2
Goodwill	930.0	1,235.0
Intangible assets, net	899.0	929.4
Other assets	23.1	27.4
Total assets held for sale	$ 2,751.9	$ 3,039.5
Liabilities		
Current liabilities:		
Current portion of long-term debt	$ 0.1	$ 0.4
Accounts payable	27.4	31.4
Accrued salaries and benefits	67.0	77.4
Other accrued liabilities	177.2	140.2
Long-term debt	1.3	1.4
Deferred income taxes [(2)]	—	337.0
Insurance reserves	94.3	91.6
Other long-term liabilities	31.8	38.6
Total liabilities held for sale	$ 399.1	$ 718.0

(1) Insurance collateral for claims related to the medical transportation business are generally held within a captive insurance company Such balances are available to settle the insurance claims of the medical transportation business but are not recorded into assets held for sale as the captive insurance company is a subsidiary of the Company, not the medical transportation business.

(2) Substantially all of the deferred income taxes were transferred from discontinued operations to continuing operations as a result of the expected tax structure of the transaction discussed above.

In addition to the impact to deferred tax expense, the proposed asset sale also impacted the net book value of the assets and liabilities expected to be transferred upon sale. As a result, the Company recorded a non-cash goodwill impairment charge of $515.2 million, which represents the difference between the estimated proceeds from the sale and the net book value of the assets held for sale. Upon completion of the sale, the Company expects to record an additional gain or loss on disposal at that time.

The following table summarizes the results of discontinued operations for the years ended December 31, 2017 and 2016 (in millions):

	Year Ended December 31,	
	2017	2016
Net revenues	$ 2,523.0	$ 198.1
Operating expenses:		
Salaries and benefits	1,380.8	114.7
Supply cost	57.5	4.8
Insurance expense	82.3	6.7
Other operating expenses	687.7	49.5
Transaction and integration costs	26.8	3.7
Loss on assets held for sale	515.2	—
Depreciation and amortization	145.0	12.3
Total operating expenses	2,895.3	191.7
Equity in earnings of unconsolidated affiliates	0.5	—
Operating income (loss)	(371.8)	6.4
Interest expense, net	89.4	—
Earnings (loss) before income taxes	$ (461.2)	$ 6.4
Results of discontinued operations:		
Earnings (loss) from discontinued operations	$ (461.2)	$ 6.4
Income tax expense of discontinued operations	(30.7)	(2.4)
Net earnings (loss) from discontinued operations	$ (491.9)	$ 4.0

In accordance with ASC 205, "Presentation of Financial Statements", for purposes of discontinued operations presentation, general corporate expenses are not permitted to be allocated to the operations of a business to be disposed. Accordingly, for the year ended December 31, 2017 and on a before tax basis, approximately $58.1 million of general corporate expenses, including allocations for corporate salaries and stock-based compensation, general and administrative costs and depreciation, were removed from the medical transportation business and reallocated to the Company's remaining segments. In addition, ASC 205 requires interest associated with debt that is required to be repaid as a result of the disposal transaction to be allocated to discontinued operations. Accordingly, during the year ended December 31, 2017, the Company allocated $87.4 million in interest expense to the medical transportation business, which is reflected in the loss from discontinued operations. The Company estimated the interest allocation by applying the effective interest rate of the Company's Term Loan B - 2023 by the estimated proceeds, net of taxes and professional fees.

For the year ended December 31, 2017 the net cash flows provided by operating activities attributable to discontinued operations were $178.9 million and the net cash flows used in investing activities attributable to discontinued operations were $232.1 million, including $119.4 million for acquisitions.

(6) Fair Value Measurements

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability. The inputs used by the Company to measure fair value are classified into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3: Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

In determining the fair value of assets and liabilities that are measured on a recurring basis at December 31, 2017 and 2016, with the exception of contingent purchase price payables, the Company utilized Level 1 and 2 inputs to perform such measurements methods, which were commensurate with the market approach. The Company utilizes Level 3 inputs to measure the fair value of the contingent consideration. The fair value was determined utilizing future forecasts of both earnings and other performance metrics which are expected to be achieved during the performance period, in accordance with each respective purchase agreement. There were no significant transfers to or from Levels 1 and 2 during the year ended December 31, 2017. The Company's non-patient receivables and accounts payable are reflected in the financial statements at cost, which approximates fair value.

The following table summarizes the valuation of the Company's financial instruments by the above fair value hierarchy levels as of December 31, 2017 and 2016 (in millions):

	2017			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasuries	$ 1.8	$ —	$ —	$ 1.8
Corporate bonds/Fixed income	10.4	30.8	—	41.2
Corporate equity	12.4	—	—	12.4
Liabilities:				
Contingent consideration	—	—	8.0	8.0

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasuries	$ 0.4	$ 0.6	$ —	$ 1.0
Corporate bonds/Fixed income	22.8	5.5	—	28.3
Corporate equity	14.2	—	—	14.2
Liabilities:				
Contingent consideration	—	—	1.0	1.0

The following table summarizes the change in financial instruments classified as Level 3 in the fair value hierarchy as of December 31, 2017 (in millions):

Balance at December 31, 2016	$ 1.0
Increase due to current period acquisitions	7.1
Net change in fair value	(0.1)
Balance at December 31, 2017	$ 8.0

Insurance Collateral

Insurance collateral is comprised of investments in U.S. Treasuries and marketable equity and debt securities held by the Company's wholly owned captive insurance subsidiaries that support the Company's insurance programs and reserves, as well as cash deposits with third parties. Certain of these investments, if sold or otherwise liquidated, would have to be replaced by other suitable financial assurances and are, therefore, considered restricted. These investments are designated as available-for-sale and reported at fair value with the related temporary unrealized gains and losses reported as a separate component of accumulated other comprehensive income (loss), net of deferred income tax. Declines in the fair value of a marketable investment security which are determined to be other-than-temporary are recognized in the statements of operations, thus establishing a new cost basis for such investment. Investment income earned on these investments is reported as a component of other income, net in the accompanying statements of operations. Realized gains and losses are determined based on an average cost basis.

Investments are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Insurance collateral consisted of the following as of December 31, 2017 and 2016 (in millions):

	2017	2016
Available-for-sale securities:		
U.S. Treasuries	$ 1.8	$ 1.0
Corporate bonds/Fixed income	41.2	28.3
Corporate equity	12.4	14.2
Total available-for-sale securities	55.4	43.5
Cash deposits and other	30.8	43.5
Insurance Collateral	$ 86.2	$ 87.0

Amortized cost basis and aggregate fair value of the Company's available-for-sale securities as of December 31, 2017 and 2016 were as follows (in millions):

	December 31, 2017			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Description:				
U.S. Treasuries	$ 1.8	$ —	$ —	$ 1.8
Corporate bonds/Fixed income	40.7	0.7	(0.2)	41.2
Corporate equity	10.5	1.9	—	12.4
Total available-for-sale securities	$ 53.0	$ 2.6	$ (0.2)	$ 55.4

	December 31, 2016			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Description:				
U.S. Treasuries	$ 1.0	$ —	$ —	$ 1.0
Corporate bonds/Fixed income	28.3	—	—	28.3
Corporate equity	14.4	0.1	(0.3)	14.2
Total available-for-sale securities	$ 43.7	$ 0.1	$ (0.3)	$ 43.5

As of December 31, 2017, available-for-sale securities included U.S Treasuries, corporate bonds and fixed income securities of $3.8 million with contractual maturities within one year and $38.4 million with contractual maturities extending longer than one year through five years and $0.8 million with contractual maturities extending longer than five years. Actual maturities may differ from contractual maturities as a result of the Company's ability to sell these securities prior to maturity.

The Company's available-for-sale investment securities that were temporarily impaired as of December 31, 2017 and were as follows (in millions):

	December 31, 2017		December 31, 2016	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description:				
Corporate bonds/Fixed income	$ 16.0	$ (0.2)	$ —	$ —
Corporate equity	—	—	7.6	(0.3)
	$ 16.0	$ (0.2)	$ 7.6	$ (0.3)

There were no available-for-sale investment securities that were other-than-temporarily impaired as of December 31, 2017.

The Company evaluates the investment securities available-for-sale on a quarterly basis to determine whether declines in the fair value of these securities are other-than-temporary. The evaluation consists of reviewing the fair value of the security compared to the carrying amount, the historical volatility of the price of each security, and any industry and company specific factors related to each security.

The Company is not aware of any specific factors indicating that the underlying issuers of the corporate bonds/fixed income securities would not be able to pay interest as it becomes due or repay the principal amount at maturity. Therefore, the Company believes that the changes in the estimated fair values of these debt securities are related to temporary market fluctuations and the Company does not intend to dispose of these investments. Additionally, the Company is not aware of any specific factors which indicate the unrealized losses on the investments in corporate equity securities are due to anything other than temporary market fluctuations.

The Company received proceeds of $15.0 million and $3.8 million on the sale and maturities of available-for-sale securities for the years ended December 31, 2017 and 2016, respectively. For the year ended December 31, 2017, a loss of less than $0.1 million was reclassified from accumulated other comprehensive income to other income, net in the accompanying consolidated statements of operations. There were $2.4 million of net unrealized gains and $0.2 million of net unrealized losses for the years ended December 31, 2017 and 2016, respectively, recorded in accumulated other comprehensive income.

(7) Prepaid and Other Current Assets

The following table presents a summary of items comprising prepaid and other current assets in the accompanying consolidated balance sheets as of December 31, 2017 and 2016 (in millions):

	2017	2016
Income taxes receivable	$ 74.3	$ 60.4
Prepaid expenses	59.9	38.6
Other	31.4	36.1
Total prepaid and other current assets	$ 165.6	$ 135.1

(8) Property and Equipment

Property and equipment are stated at cost except for property and equipment acquired through business acquisitions, which is initially recorded at fair value. Equipment held under capital leases is stated at the present value of minimum lease payments at the inception of the related leases. Medical equipment and other includes furniture and fixtures and other capitalizable equipment.

Depreciation for property and equipment is recognized under the straight-line method over their estimated useful lives, which are as follows:

Property Type	Estimated lives
Building and building improvements	20 to 40 years
Leasehold improvements	Shorter of useful life or lease term (1)
Medical equipment and other	5 to 10 years
Vehicles	5 to 7 years
Computer hardware	3 to 5 years

(1) Lease term is defined as the remaining term of the lease plus renewal options for which failure to renew the lease imposes a penalty on the Company in such an amount that a renewal appears, at the inception of the lease, to be reasonably assured. The primary penalty to which the Company is subject is the economic detriment associated with existing leasehold improvements which might be impaired if a decision is made not to continue the use of the leased property. Leases in which the Company includes the renewal options due to the perceived penalty primarily related to surgery centers in the Company's ambulatory services segment.

Property and equipment at December 31, 2017 and 2016 were as follows (in millions):

	2017	2016
Land	$ 0.2	$ 0.3
Building and leasehold improvements	243.1	234.7
Medical equipment and other	255.2	249.4
Vehicles	14.5	14.2
Computer hardware	71.5	60.9
Construction in progress	26.2	8.5
Property and equipment	610.7	568.0
Less accumulated depreciation	(308.0)	(267.2)
Property and equipment, net	$ 302.7	$ 300.8

Depreciation expense for the years ended December 31, 2017, 2016 and 2015 was $64.4 million, $39.4 million and $35.4 million, respectively.

(9) Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates in which the Company exerts significant influence but does not control or otherwise consolidate are accounted for using the equity method. Equity method investments are initially recorded at cost, unless such investments are a result of the Company entering into a transaction whereby the Company loses control of a previously controlled entity but retains a noncontrolling interest. Such transactions, which result in the deconsolidation of a previously consolidated entity, are measured at fair value. The fair value measurement utilizes Level 3 inputs, which include unobservable data, to measure the fair value of the retained noncontrolling interest. The fair value determination is generally based on a combination of multiple valuation methods, which can include discounted cash flow, income approach, or market value approach which incorporates estimates of future earnings and market valuation multiples for certain guideline companies. These investments are included as investments in unconsolidated affiliates in the accompanying consolidated balance sheets. The Company's share of the profits and losses from these investments is reported in equity in earnings of unconsolidated affiliates in the accompanying consolidated statements of operations. The Company monitors its investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the companies and records reductions in carrying values when necessary.

As of December 31, 2017 and 2016, the Company has recorded in the accompanying consolidated balance sheets its investments in unconsolidated affiliates of $156.7 million and $114.7 million, respectively. The Company's net earnings from these investments during the years ended December 31, 2017, 2016 and 2015 were approximately $22.2 million, $23.7 million and $16.2 million, respectively.

During the year ended December 31, 2017, the Company entered into two equity method investments. As a result of these investments, the Company contributed its controlling interest in two centers in exchange for a noncontrolling interest in the new investments and net cash consideration of $1.2 million. In addition to these transactions, the Company contributed a portion of its interest in two surgery centers into previously existing equity method investments for net cash consideration of $3.3 million. These investments are jointly owned by health systems and the Company. The newly formed investments (including the contributed centers) are controlled by the health systems. Also, as part of these transactions the Company obtained non-controlling interest in two additional centers which were contributed by the health systems. During the year ended December 31, 2016, the Company's ambulatory services segment sold a portion of its interest in one surgery center, which resulted in the surgery center being deconsolidated and subsequently accounted for as an equity method investment.

As a result of these transactions the Company recorded in the accompanying consolidated balance sheet, as a component of investments in unconsolidated affiliates, the fair value of the Company's investment in these entities of approximately $19.2 million and $1.8 million during the years ended December 31, 2017 and 2016, respectively.

In each of these transactions, the gain or loss on deconsolidation, which is primarily non-cash in nature, was determined based on the difference between the fair value of the Company's interest, which was based on estimates of the expected future earnings, in the new entity and the carrying value of both the tangible and intangible assets of the contributed center immediately prior to the transaction. In certain cases, the Company evaluated likely scenarios which were weighted by a range of expected probabilities of 10% to 50% which were primarily based on third-party valuations received by the Company. Accordingly, the Company recognized a net gain on deconsolidations which is included in net gain on disposals and deconsolidation in the accompanying consolidated statements of operations of approximately $11.1 million during the year ended December 31, 2017, a net loss on deconsolidation of $0.5 million during the year ended December 31, 2016 and a net gain of $36.7 million during the year December 31, 2015.

(10) Goodwill and Intangible Assets

The Company's intangible assets include goodwill and other intangibles, which include the fair value of both the customer relationships with hospitals and certain trade names. The Company's indefinite-lived intangibles include goodwill, trade names and licenses. Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company evaluates indefinite-lived intangible assets, including goodwill, for impairment at least on an annual basis and more frequently if certain indicators are encountered. Indefinite-lived intangibles are to be tested at the reporting unit level, defined as an operating segment or one level below an operating segment (referred to as a component), with the fair value of the reporting unit being compared to its carrying amount. If the fair value of a reporting unit exceeds its carrying amount, the indefinite-lived intangibles associated with the reporting unit are not considered to be impaired.

As of October 1, 2017, the Company completed its annual indefinite-lived impairment test that evaluated the allocated goodwill related to each of our reporting units - $2.14 billion for the ambulatory services reporting unit and $5.97 billion for the physician services reporting unit. As of the October 1, 2017 valuation, the fair value was substantially in excess of its carrying value for the ambulatory services reporting unit. For physician services reporting unit, the carrying value exceeded the fair value. Accordingly, under ASU No. 2017-04 the Company recorded a non-cash impairment charge of $500.0 million to reduce goodwill associated with the physician services reporting unit. Subsequent to the goodwill write-off the physician services segment's carrying value was at fair value and the remaining goodwill associated with the physician services reporting unit was $5.41 billion.

To perform this evaluation, the Company obtained valuations at the reporting unit level prepared by third-party valuation specialists which utilized a combination of the income and market approaches. The discounted cash flow (DCF) model 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 significant judgments are typically based upon Level 3 inputs, generally defined as unobservable inputs representing our own assumptions. The cash flows employed in the DCF analysis are based on the Company's 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 discount rate is mainly based on judgment of the specific risk inherent within each reporting unit. The variables within the discount rate, many of which are outside of the Company's 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 the Company's sector. To corroborate the analysis, the Company also reconciled the fair value of the reporting units with the Company's equity market capitalization and enterprise values to determine if it is reasonable compared to the external market indicators. While the Company believes 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. Any future adverse events or changes in the assumptions could require additional assessment since the fair value equaled carrying value as of October 1 for the physician services reporting unit.

Subsequent to the date of our annual impairment test, the Company considered our operating results for the fourth quarter of 2017, 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.

The Company's finite-lived intangibles include its customer relationships with hospitals, capitalized software, contract values and trade names expected to be retired after a defined length of time. The Company tests its finite-lived intangibles for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The Company's policy is to recognize an impairment charge when the carrying amount is not recoverable and such amount exceeds fair value.

Following the completion of the Merger, the Company made a strategic decision to rebrand the physician services under the "Envision Healthcare" name to focus on the broader suite of solutions that the Company can provide its customers. Prior to the EHH merger, the intangible asset related to the Sheridan trade name, which was valued at $228.0 million, was not amortized because it had an indefinite remaining useful life. At the time of the EHH merger, management elected to cease using the Sheridan name in future operations. As a result, the Company converted this indefinite-lived intangible asset to a finite-lived intangible asset and recorded an impairment charge of $218.0 million for the year ended December 31, 2016. The Company began to amortize the remaining $10.0 million associated with the Sheridan trade name during the fourth quarter of 2016, which was fully amortized as of December 31, 2017.

The changes in the carrying amount of goodwill for the years ended December 31, 2017 and 2016 are as follows (in millions):

	Physician Services	Ambulatory Services	Total
Balance at January 1, 2016	$ 1,956.7	$ 2,013.5	$ 3,970.2
Goodwill acquired, including post acquisition adjustments	3,553.0	63.9	3,616.9
Goodwill disposed, including impact of deconsolidation transactions	—	(3.1)	(3.1)
Balance at December 31, 2016	$ 5,509.7	$ 2,074.3	$ 7,584.0
Goodwill acquired, including post acquisition adjustments	400.9	75.3	476.2
Goodwill disposed, including impact of deconsolidation transactions	—	(24.1)	(24.1)
Goodwill impairment charges	(500.0)	—	(500.0)
Balance at December 31, 2017	$ 5,410.6	$ 2,125.5	$ 7,536.1

During the year ended December 31, 2017, physician services goodwill increased due to the acquisition of twelve physician practices and ambulatory services goodwill increased due to the acquisition of four surgery centers. The increase in goodwill from acquisitions was offset by $24.1 million of goodwill disposed due to the disposal or deconsolidation of surgery centers within the ambulatory services segment during 2017.

Intangible assets consist primarily of customer relationships with hospitals, capitalized software, trade names and certain agreements and contracts. The table below illustrates the useful lives of each class of intangible assets and the remaining weighted average amortization period.

Amortizable Intangible Assets	Estimated Economic Useful Life	Weighted Average Amortization Period
Customer relationships	17 to 20 years	18.2
Capitalized software	3 to 7 years	4.5
Agreements, contracts and other	3 to 10 years	3.4

Intangible assets at December 31, 2017 and 2016 consisted of the following (in millions):

	2017			2016		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortizable intangible assets:						
Customer relationships with hospitals	$ 3,446.7	$ (321.8)	$ 3,124.9	$ 3,235.0	$ (154.6)	$ 3,080.4
Capitalized software	166.9	(73.3)	93.6	136.5	(41.8)	94.7
Trade names	25.0	(25.0)	—	25.0	(2.1)	22.9
Agreements, contracts and other	13.5	(4.9)	8.6	13.2	(4.7)	8.5
Total amortizable intangible assets	3,652.1	(425.0)	3,227.1	3,409.7	(203.2)	3,206.5
Non-amortizable intangible assets:						
Trade names	430.0	—	430.0	460.0	—	460.0
Restrictive covenant arrangements	8.4	—	8.4	9.0	—	9.0
Total non-amortizable intangible assets	438.4	—	438.4	469.0	—	469.0
Total intangible assets	$ 4,090.5	$ (425.0)	$ 3,665.5	$ 3,878.7	$ (203.2)	$ 3,675.5

Amortization of intangible assets for the years ended December 31, 2017, 2016 and 2015 was $224.5 million, $98.2 million and $62.1 million, respectively. Estimated amortization of intangible assets for the five years and thereafter subsequent to December 31, 2017 is $208.6 million, $200.1 million, $192.0 million, $184.6 million, $178.9 million and $2.26 billion, respectively. The Company expects to recognize amortization of all intangible assets over a weighted average period of 17.7 years with no expected residual values.

(11) Other Assets

The following table presents a summary of items comprising other assets in the accompanying consolidated balance sheets as of December 31, 2017 and 2016 (in millions):

	2017	2016
Deferred compensation fund	$ 59.4	$ 37.1
Insurance receivable	86.8	82.7
Other	21.1	14.4
Total other assets	$ 167.3	$ 134.2

(12) Other Accrued Liabilities

The following table presents a summary of items comprising other accrued liabilities in the accompanying consolidated balance sheets as of December 31, 2017 and 2016 (in millions):

	2017	2016
Insurance reserves	$ 77.1	$ 78.2
Deferred revenue	18.9	9.4
Refunds payable	28.9	33.6
Other	156.7	132.0
Total other accrued liabilities	$ 281.6	$ 253.2

(13) Long-term Debt

Long-term debt at December 31, 2017 and 2016 consisted of the following (in millions):

	2017	2016
ABL Facility	$ —	$ —
Term Loan B - 2023	3,956.3	3,495.0
Senior Unsecured Notes due 2022 (5.625%)	1,100.0	1,100.0
Senior Unsecured Notes due 2022 (5.125%)	750.0	750.0
Senior Unsecured Notes due 2024 (6.250%)	550.0	550.0
Other debt due through 2025	24.1	20.9
Capitalized lease arrangements due through 2031	32.3	31.9
	6,412.7	5,947.8
Less current portion	52.1	46.6
Less net deferred financing costs	97.3	111.0
Long-term debt	$ 6,263.3	$ 5,790.2

Principal payments required on the Company's long-term debt and capital leases in the five years and thereafter subsequent to December 31, 2017 are $52.2 million, $50.4 million, $46.7 million, $44.4 million, $1.89 billion, and $4.33 billion. The fair value of the Company's fixed rate long-term debt was $2.47 billion compared to its carrying value of $2.46 billion at December 31, 2017. The Company's variable rate long-term debt approximated its carrying value of $3.96 billion at December 31, 2017. With the exception of the Company's senior unsecured notes, the fair value of fixed rate debt (Level 2) is determined based on an estimation of discounted future cash flows of the debt at rates currently quoted or offered to the Company for similar debt instruments of comparable maturities by its lenders. The fair value of the Company's senior unsecured notes (Level 1 and 2) is determined based on quoted prices in an active market.

During the year ended December 31, 2016, as a result of the Merger, the Company recorded $94.9 million and wrote off $21.8 million of deferred financing costs associated with debt that was satisfied upon close of the Merger. The Company amortizes the deferred financing costs to interest expense over the life of the respective debt instrument.

a. Term Loan B - 2023

On December 1, 2016, the Company incurred term loan borrowings in an aggregate principal amount of $3.50 billion that mature on December 1, 2023, as described below, by assuming the term loan borrowings made in connection with the Merger through a wholly owned finance subsidiary of EHH (the Prior Envision Borrower) immediately prior to the consummation of the Merger.

On December 1, 2016, the Company entered into a Seventh Amendment to Term Loan Credit Agreement (Seventh Amendment), amending the term loan credit facility assumed by the Company pursuant to the merger with EHH, pursuant to which it incurred a term loan tranche in the aggregate principal amount of $3.50 billion that matures on December 1, 2023 (Term Loan B - 2023) and made certain other modifications to terms of the Term Loan Facility. The Term Loan Credit Agreement provides the right for individual lenders to extend the maturity date of their loans upon the request of the Borrower and without the consent of any other lender.

On June 23, 2017, the Company incurred incremental term loan borrowings in an aggregate principal amount of $500.0 million, maturing on December 1, 2023. The incremental amounts were borrowed pursuant to the Increase Supplement, dated as of June 23, 2017, which supplements the Company's existing Amended and Restated Credit Agreement, dated as of December 1, 2016. The incremental borrowings bear interest at the same rate and have the same terms as the Company's Term Loan B 2023.

Subject to specified conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the Term Loan Facility may be expanded (or a new term loan facility or revolving credit facility added) by up to (i) $1.30 billion plus (ii) an additional amount as will not cause the net first lien leverage ratio after giving effect to the incurrence of such additional amount to exceed 4.0 to 1.0, as calculated pursuant to the Term Loan Facility.

The Term Loan B - 2023 under the Term Loan Facility bear interest initially at a rate equal to (i) LIBOR, plus 3.00% per annum, or (ii) the alternate base rate, which will be the highest of the prime rate established by the administrative agent from time to time, 0.50% in excess of the greater of (i) the overnight federal funds rate or (ii) the composite overnight federal funds and overnight LIBOR rate, the one-month LIBOR rate (adjusted for maximum reserves) plus 1.0% per annum and 1.75% per annum, plus, in each case, a minimum of 2.00% per annum (4.57% at December 31, 2017).

The Term Loan B - 2023 does not contain financial covenants and is secured by a pledge of the stock of the Company's wholly owned subsidiaries and certain of the Company's less than wholly owned subsidiaries. The Term Loan Facility contains customary affirmative and negative covenants, including limitations, subject to customary exceptions including the ability to enter into or guarantee additional borrowings, redeem or repurchase stock, and pay dividends. The Company was in compliance with the covenants contained in the Term Loan B - 2023 at December 31, 2017.

On August 7, 2017, the Company executed a definitive agreement to sell the medical transportation business for $2.40 billion in cash to an entity controlled by funds affiliated with KKR Co. L.P. Upon completion of the divestiture, under the terms of the Term Loan Facility, the Company is required to utilize the net proceeds to pay down the outstanding principal on the Term Loan B 2023 unless the proceeds can be used to acquire the assets or capital stock of businesses similar to the Company's within 365 days from the sale.

b. ABL Facility

On December 1, 2016, in connection with the Merger, the Company assumed EHH's asset-based revolving credit facility providing for revolving borrowings of up to $850.0 million, subject to borrowing base availability, as described below. At the completion of the merger, all outstanding borrowings under the ABL Facility (as defined below) of the Prior Envision Borrower were repaid.

On December 1, 2016, the Company entered into a Third Amendment to ABL Credit Agreement (the "Third Amendment" and, together with the Seventh Amendment, the "Credit Agreement Amendments"), pursuant to which all outstanding loans under the ABL Facility were repaid, the ABL Facility was increased to provide for an asset-based revolving credit facility in the amount of up to $850.0 million, subject to borrowing base availability, and letter of credit and swingline sub-facilities. Amounts are available under the ABL Facility in U.S. dollars. In addition, subject to certain terms and conditions, the Company is entitled to request additional revolving credit commitments or term loans under the ABL Facility, which share in the borrowing base, up to an amount such that the aggregate amount of ABL commitments does not exceed $1.35 billion. The final maturity date of the ABL Facility is December 1, 2021. The ABL Credit Agreement provides the right for individual lenders to extend the maturity date of their commitments and loans upon the request of the Company and without the consent of any other lender.

The "borrowing base" is defined in the ABL Credit Agreement as, at any time, the sum of (i) 85% of the eligible accounts receivable of each ABL Borrower and each guarantor (A/R Amount); plus (ii) the lesser of 50% of the lower of cost and fair market value of the eligible inventory of the ABL Borrower and each guarantor and 5% of the A/R Amount; plus (iii) the lesser of accounts receivable of the ABL Borrower and each guarantor aged 180–360 days that are otherwise eligible accounts receivable and 5% of the A/R Amount; minus (iv) such availability reserves as the administrative agent, in its permitted discretion, deems appropriate at such time; minus (v) the outstanding principal amount of any future term loans (if any) incurred pursuant to the ABL Credit Agreement. As of December 31, 2017, the maximum available under the ABL Facility was $850.0 million. As of December 31, 2017, letters of credit outstanding which impact the available credit under the ABL Facility were $186.2 million. These letters of credit primarily secure the Company's obligations under its captive insurance program.

The revolving credit loans under the ABL Facility bear interest initially at a rate equal to (i) LIBOR plus, an applicable margin, which shall be determined based on the average daily excess availability, or (ii) the alternate base rate, which will be the highest of the prime rate established by the administrative agent from time to time, 0.50% in excess of the greater of (i) the overnight federal funds rate or (ii) the composite overnight federal funds and overnight LIBOR rate, the one-month LIBOR rate (adjusted for maximum reserves) plus 1.0% per annum, plus, in each case, an applicable margin, which shall be determined based on the average daily excess availability. The ABL Facility bears a commitment fee that is payable quarterly in arrears, based on the utilization of the ABL Facility, and customary letter of credit fees.

The ABL Facility contains customary affirmative and negative covenants, including limitations, subject to customary exceptions including the ability to enter into or guarantee additional borrowings, redeem or repurchase stock, and pay dividends. The negative covenants are subject to the customary exceptions and in the event the Company is able to satisfy the payment condition, the ABL facility permits the payment of dividends and distributions, investments, permitted acquisitions, payments or redemptions of junior indebtedness, asset sales and mergers, consolidations and sales of all or substantially all assets involving subsidiaries upon satisfaction of a "payment condition." The payment condition is deemed satisfied upon 30-day specified availability and specified availability exceeding agreed upon thresholds and, in certain cases, the absence of specified events of default or known events of default and pro forma compliance with a fixed charge coverage ratio of 1.0 to 1.0.

There are no financial covenants included in the ABL Credit Agreement, other than a springing minimum fixed charge coverage ratio of at least 1.0 to 1.0, which is tested only when specified availability is less than the greater of (A) $85 million and (B) 10.0% of the lesser of the then applicable borrowing base and the then total effective commitments under the ABL Facility, and continuing until such time as specified availability has been in excess of such threshold for a period of 30 consecutive calendar days.

c. Senior Unsecured Notes

5.625% 2022 Senior Unsecured Notes

On July 16, 2014, the Company completed a private offering of $1.10 billion aggregate principal amount of 5.625% senior unsecured notes due 2022 (5.625% 2022 Senior Unsecured Notes). On February 19, 2015, the Company completed an offer to exchange the outstanding 5.625% 2022 Senior Unsecured Notes, for an equal amount of such notes that are registered under the Securities Act. The 5.625% 2022 Senior Unsecured Notes are unsecured obligations of the Company and are guaranteed by the Company and existing and subsequently acquired or organized wholly owned domestic subsidiaries. The 5.625% 2022 Senior Unsecured Notes are *pari passu* in right of payment with all the existing and future senior unsecured debt of the Company, senior to all existing and future subordinated debt of the Company and are effectively subordinated to all of the Company's secured debt. Interest on the 5.625% 2022 Senior Unsecured Notes accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on January 15 and July 15, beginning on January 15, 2015, and ending on the maturity date of July 15, 2022.

On or after July 15, 2017, the Company may redeem the 5.625% 2022 Senior Unsecured Notes in whole or in part. The redemption price for such a redemption (expressed as percentages of principal amount) is set forth below, plus accrued and unpaid interest and liquidated damages, if any, if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

Period	Redemption Price
2017	104.219%
2018	102.813%
2019	101.406%
2020 and thereafter	100.000%

The 5.625% 2022 Senior Unsecured Notes contain certain covenants which, among other things, limit, but may not restrict the Company's ability to enter into or guarantee additional borrowings, sell preferred stock, pay dividends and repurchase stock. Based on the terms of the 5.625% 2022 Senior Unsecured Notes, the Company has adequate ability to meet its obligations to pay dividends as

required under the terms of its mandatory preferred stock. The Company was in compliance with the covenants contained in the indenture relating to the 5.625% 2022 Senior Unsecured Notes at December 31, 2017.

5.125% 2022 Senior Unsecured Notes

Upon completion of the merger on December 1, 2016, the Company assumed $750.0 million aggregate principal amount of 5.125% senior unsecured notes due 2022 (5.125% 2022 Senior Unsecured Notes), which were issued on June 18, 2014 by the Prior Envision Borrower. The 5.125% 2022 Senior Unsecured Notes are unsecured obligations of the Company and are guaranteed by each of the Company's existing and subsequently acquired or organized wholly owned domestic subsidiaries. The 5.125% 2022 Senior Unsecured Notes are *pari passu* in right of payment with all the existing and future senior unsecured debt of the Company, senior to all existing and future subordinated debt of the Company, and are effectively subordinated to all of the Company's secured debt. Interest on the 5.125% 2022 Senior Unsecured Notes accrues at the rate of 5.125% per annum and is payable semi-annually in arrears on January 1 and July 1, beginning on January 1, 2017, and ending on the maturity date of July 1, 2022.

On or after July 1, 2017, the Company may redeem the 5.125% 2022 Senior Unsecured Notes in whole or in part. The redemption price for such a redemption (expressed as percentages of principal amount) is set forth below, plus accrued and unpaid interest and liquidated damages, if any, if redeemed during the twelve-month period beginning on July 1 of the years indicated below:

Period	Redemption Price
2017	103.884%
2018	102.563%
2019	101.281%
2020 and thereafter	100.000%

The 5.125% 2022 Senior Unsecured Notes contain certain covenants which, among other things, limit, but may not restrict the Company's ability to enter into or guarantee additional borrowings, sell preferred stock, pay dividends and repurchase stock. Based on the terms of the 5.125% 2022 Senior Unsecured Notes, the Company has adequate ability to meet its obligations to pay dividends as required under the terms of its mandatory preferred stock. The Company was in compliance with the covenants contained in the indenture relating to the 5.125% 2022 Senior Unsecured Notes at December 31, 2017.

6.25% 2024 Senior Unsecured Notes

Upon completion of the merger on December 1, 2016, the Company completed a private offering of $550.0 million aggregate principal amount of 6.25% senior unsecured notes due 2024 (6.25% 2024 Senior Unsecured Notes). The 6.25% 2024 Senior Unsecured Notes are unsecured obligations of the Company and are guaranteed by the Company and existing and subsequently acquired or organized wholly owned domestic subsidiaries. The 6.25% 2024 Senior Unsecured Notes are *pari passu* in right of payment with all the existing and future senior unsecured debt of the Company, senior to all existing and future subordinated debt of the Company, and are effectively subordinated to all of the Company's secured debt. Interest on the 6.25% 2024 Senior Unsecured Notes accrues at the rate of 6.25% per annum and is payable semi-annually in arrears on June 1 and December 1, beginning on June 1, 2017, and ending on the maturity date of December 1, 2024.

Prior to December 1, 2019, the Company may redeem up to 40% of the aggregate principal amount of the 6.25% 2024 Senior Unsecured Notes at a redemption price of 106.250% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages, if any, using proceeds of one or more equity offerings. On or after December 1, 2019, the Company may redeem the 6.25% 2024 Senior Unsecured Notes in whole or in part. The redemption price for such a redemption (expressed as percentages of principal amount) is set forth below, plus accrued and unpaid interest and liquidated damages, if any, if redeemed during the twelve-month period beginning on December 1 of the years indicated below:

Period	Redemption Price
2019	104.688%
2020	103.125%
2021	101.563%
2022 and thereafter	100.000%

The 6.25% 2024 Senior Unsecured Notes contain certain covenants which, among other things, limit, but may not restrict the Company's ability to enter into or guarantee additional borrowings, sell preferred stock, pay dividends and repurchase stock. Based on the terms of the 6.25% 2024 Senior Unsecured Notes, the Company has adequate ability to meet its obligations to pay dividends as

required under the terms of its mandatory preferred stock. The Company was in compliance with the covenants contained in the indenture relating to the 6.25% 2024 Senior Unsecured Notes at December 31, 2017.

d. Other debt

Certain partnerships included in the Company's consolidated financial statements have loans with local lending institutions, included above in other debt, which are collateralized by certain assets of the surgery centers with a book value of approximately $47.6 million. The Company and the partners have guaranteed payment of the loans in proportion to the relative partnership interests.

e. Certain Limitations on Restricted Payments

The Company's Term Loan Facility, ABL Facility and the indentures governing the 5.625% 2020 Senior Unsecured Notes, the 5.125% 2022 Senior Unsecured Notes, and the 6.250% 2024 Senior Unsecured Notes (collectively, Debt Agreements) contain covenants that, among other things, limit the Company's ability to make restricted payments, including payments of dividends on, and repurchase of, the Company's capital stock. These restrictive covenants are subject to applicable exceptions contained in the Debt Agreements and the Company has sufficient capacity under such exceptions to complete a dividend in excess of the Company's net income for the year ended December 31, 2017. While the Debt Agreements restrict the Company's ability to pay dividends to its stockholders, the Debt Agreements generally do not restrict the ability of the Company's restricted subsidiaries to make dividends to the Company.

(14) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for the years prior to 2014. With few exceptions, the Company is no longer subject to U.S. state income tax examinations for the years prior to 2013.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the Act) was signed into law. The Act includes a number of changes to existing U.S. tax laws that impact the Company, most notably a reduction of the U.S. corporate tax rate from 35% to 21%, for tax years beginning after December 31, 2017. As a result of the enacted rate change, we recorded a benefit of $596.6 million in deferred income tax expense for the change in the net deferred tax liability at the 21% tax rate. The Act also provides for acceleration of depreciation for certain assets placed into service after September 27, 2017, as well as prospective changes beginning in 2018. These prospective changes include an increased limitation on deductibility of executive compensation, a limitation on the deductibility of interest expense, new rules surrounding meals and entertainment expense and fines and penalties. Also, while net operating losses generated in the future may be carried forward indefinitely under the new law, there is a limitation on the amount that may be used in any given year. The Act may also have an impact on projected future taxable income that could affect valuation allowance considerations. In addition to the Federal law, the Company awaits guidance from the states in which it files on how components of the Act may be treated in these jurisdictions.

The $596.6 million tax benefit represents what the Company believes is the impact of the Act, the key component being re-measurement of deferred tax balances to the new corporate rate. As the benefit is based on currently available information and interpretations, which are continuing to evolve, the benefit should be considered provisional. The Company will continue to analyze additional information and guidance related to the Act as supplemental legislation, regulatory guidance, or evolving technical interpretations become available. The final impacts may differ from the recorded amounts as of December 31, 2017, and the Company will continue to refine such amounts within the measurement period provided by Staff Accounting Bulletin No. 118. The Company expects to complete the analysis no later than the fourth quarter of 2018.

Total income tax expense (benefit) for the years ended December 31, 2017, 2016 and 2015 was included within the following sections of the consolidated financial statements as follows (in millions):

	2017	2016	2015
Earnings (loss) from continuing operations	$ (496.8)	$ (3.3)	$ 113.8
Net loss from discontinued operations	30.7	2.4	(0.7)
Stockholders' equity	—	(2.1)	(2.2)
Total	$ (466.1)	$ (3.0)	$ 110.9

Income tax expense (benefit) from continuing operations for the years ended December 31, 2017, 2016 and 2015 was comprised of the following (in millions):

	2017	2016	2015
Current:			
Federal	$ 2.4	$ 62.9	$ 83.2
State	0.5	10.5	14.3
Deferred:			
Federal	(543.9)	(66.7)	11.7
State	44.2	(10.0)	4.6
Income tax expense (benefit)	$ (496.8)	$ (3.3)	$ 113.8

Income tax expense (benefit) from continuing operations for the years ended December 31, 2017, 2016 and 2015 differed from the amount computed by applying the U.S. federal income tax rate of 35% to earnings or loss before income taxes as a result of the following (in millions):

	2017	2016	2015
Statutory federal income tax	$ (10.8)	$ 69.4	$ 173.6
Less federal income tax assumed directly by noncontrolling interests	(70.7)	(78.4)	(76.4)
State income taxes, net of federal income tax benefit	17.1	1.0	11.6
Increase (decrease) in valuation allowances	—	(11.0)	0.3
Transaction-related items	0.5	13.5	1.1
Impairment of goodwill	147.7	—	—
U.S. Tax Reform - corporate rate reduction	(596.6)	—	—
Interest related to unrecognized tax benefits	—	—	(0.5)
Other	16.0	2.2	4.1
Income tax expense (benefit)	$ (496.8)	$ (3.3)	$ 113.8

The Company applies recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return as it relates to accounting for uncertainty in income taxes. In addition, it is the Company's policy to recognize interest accrued and penalties, if any, related to unrecognized benefits as income tax expense in its statement of operations.

An increase in interest and penalty obligations of $0.1 million was recognized in the consolidated statements of operations for the years ended December 31, 2017 and decreases of $0.1 million and $0.2 million were recognized in the consolidated statements of operations for the years ended December 31, 2016 and 2015, respectively, resulting in a total recognition of interest and penalty obligations of approximately $2.3 million and $1.7 million in the consolidated balance sheet at December 31, 2017 and 2016, respectively.

A reconciliation of the beginning and ending amount of the liability associated with unrecognized tax benefits for the years ended December 31, 2017, 2016 and 2015 is as follows (in millions):

	2017	2016	2015
Balance at beginning of year	$ 4.4	$ 3.4	$ 7.3
Additions for current year acquisitions	—	14.9	—
Additions for tax positions of current year	0.1	—	—
Decreases for amounts classified as held for sale	—	(12.8)	—
Increases (decreases) for tax positions taken during a prior period	—	—	(1.0)
Lapse of statute of limitations	(2.1)	(1.1)	(2.9)
Balance at end of year	$ 2.4	$ 4.4	$ 3.4

The Company estimates that the range of the possible change in unrecognized tax benefits within the next 12 months is a net decrease of $0.1 million to $0.4 million, as a result of a lapse of the statute of limitations and settlements primarily with state taxing authorities. The total amount of unrecognized tax benefits that would affect the Company's effective tax rate if recognized is approximately $2.4 million.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2017 and 2016 were as follows (in millions):

	2017	2016
Deferred tax assets:		
Allowance for uncollectible accounts	$ 21.4	$ 9.5
Share-based compensation	51.8	86.4
Deferred compensation	25.1	45.1
Accrued liabilities and other	34.8	50.1
Medical malpractice	47.4	50.2
Operating and capital loss carryforwards	84.0	48.2
Valuation allowances	(30.5)	(11.8)
Total deferred tax assets	234.0	277.7
Deferred tax liabilities:		
Prepaid expenses and other	7.7	2.6
Accrual to cash	130.7	172.8
Property and equipment	79.3	49.0
Outside basis difference in stock	9.4	—
Intangible assets	1,096.2	1,397.0
Total deferred tax liabilities	1,323.3	1,621.4
Net deferred tax liabilities	$ 1,089.3	$ 1,343.7

A valuation allowance is established when it is "more likely than not" that all, or a portion, of net deferred tax assets will not be realized. The Company has determined that it is more likely than not that certain deferred tax assets may not be realized. Therefore, a valuation allowance of $30.5 million and $11.8 million has been established as of December 31, 2017 and 2016, respectively. The Company has federal net operating and capital loss carryforwards of $297.6 million, which expire in the years 2018 to 2037. The Company has state net operating loss and credit carryforwards which expire in the years 2018 to 2037.

(15) Insurance Reserves

Insurance reserves are established for professional and general liability claims utilizing policies with both fully-insured and self-insured components. This includes the use of an off-shore captive insurance program through wholly owned subsidiaries for certain professional (medical malpractice) and general liability programs. In those instances where the Company has obtained third-party insurance coverage, the Company normally retains liability for the first $1 million to $3 million of the loss. Insurance reserves cover known claims and incidents within the level of Company retention that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from activities through December 31, 2017.

The Company establishes reserves for claims based upon an assessment of claims reported and claims incurred but not reported. The reserves are established based on consultation with third-party independent actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns (including legal costs) and changes in case reserves and the assumed rate of inflation in health care costs and property damage repairs. Claim reserves are not discounted.

Provisions for insurance expense included in the statements of operations include provisions determined in consultation with third-party actuaries and premiums paid to third-party insurers.

At December 31, 2017 and 2016, the Company's accrued insurance reserves are presented in the accompanying consolidated balance sheets as a component of other accrued liabilities and insurance reserves as follows (in millions):

	2017	2016
Third-party insurance reserves	$ 111.3	$ 92.8
Estimated losses under self-insured programs	170.3	170.0
Incurred but not reported losses	114.0	94.3
Total accrued insurance reserves	395.6	357.1
Less estimated losses payable within one year	77.1	78.2
Total	$ 318.5	$ 278.9

The changes to the Company's estimated losses under insurance programs as of December 31 were as follows (in millions):

	2017	2016
Balance, beginning of year	$ 357.1	$ 82.2
Assumed liabilities through acquisitions	31.5	255.5
Provision related to current period self-insurance reserves (1)	71.4	25.4
Payments for current period self-insurance reserves	(2.2)	(1.5)
Benefit related to changes in prior period self-insurance reserves	(5.6)	(0.9)
Payments for prior period self-insurance reserves	(69.5)	(13.4)
Change in third-party insurance reserves	10.8	12.6
Other, net	2.1	(2.8)
Balance, end of year	$ 395.6	$ 357.1

(1) Total insurance expense for the years ended December 31, 2017 and 2016 were $144.2 million and $45.5 million, respectively,which also included premiums paid to third-party insurers and premiums paid to captive insurance companies of certain of our joint venture partners.

(16) Other Long-Term Liabilities

The following table presents a summary of items comprising other long-term liabilities in the accompanying consolidated balance sheets as of December 31, 2017 and 2016 (in millions):

	2017	2016
Deferred rent	$ 36.8	$ 33.7
Tax-effected unrecognized benefits	2.4	4.4
Deferred compensation liabilities	58.0	36.0
Other	52.7	28.3
Other long-term liabilities	$ 149.9	$ 102.4

(17) Leases

The Company has entered into various building, vehicles and equipment capital and operating leases in operation and under development and for office space, expiring at various dates through 2036. Future minimum lease payments, including payments during expected renewal option periods, at December 31, 2017 were as follows (in millions):

Year Ended December 31,	Capital Leases	Operating Leases
2018	$ 5.4	$ 96.3
2019	5.6	85.1
2020	4.2	82.8
2021	3.4	79.9
2022	2.9	77.8
Thereafter	26.3	410.1
Total minimum rentals	47.8	$ 832.0
Less amounts representing interest at an average interest rate of 6.1%	15.5	
Capital lease obligations	$ 32.3	

At December 31, 2017, buildings, vehicles and equipment with a cost of approximately $39.8 million and accumulated depreciation of approximately $11.5 million were held under capital leases.

Rental expense for operating leases for the years ended December 31, 2017, 2016 and 2015 was approximately $111.6 million, $80.4 million and $74.6 million, respectively, and is included in other operating expense in the accompanying consolidated statements of operations. The Company and certain partners in its ambulatory services segment have guaranteed payment for some of these leases. Included in these amounts, the Company incurred lease expenses of $23.6 million, $24.3 million and $27.6 million for the years ended December 31, 2017, 2016 and 2015, respectively, under operating lease agreements with physician partners who are related parties from the ambulatory services segment. Management believes the negotiated rates were equal to fair market value at the inception of the leases based on relevant market data.

(18) Employee Benefit Programs

Defined Contribution Plan

The Company maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code. These plans are defined contribution plans covering substantially all employees of the Company and provide for voluntary contributions by employees, subject to certain limits. Company contributions are primarily based on specified percentages of employee compensation. In some instances, the plan may allow for elective or required Company contributions subject to the limits defined by each plan. The Company funds contributions as accrued. The Company's contributions for the years ended December 31, 2017, 2016 and 2015 were approximately $40.7 million, $29.9 million and $14.1 million, respectively, and vest immediately or incrementally over a period of four to five years, depending on the plan and the tenures of the respective employees for which the contributions were made.

Supplemental Executive and Director Retirement Savings Plan

The Company maintains the Supplemental Executive and Director Retirement Savings Plan (SERP). The SERP is a defined contribution plan covering all officers of the Company and provides for voluntary contributions of up to 50% of employee annual compensation. Company contributions are at the discretion of the Compensation Committee of the Board of Directors and vest incrementally over five years. The employee and employer contributions are placed in a Rabbi Trust and recorded in the accompanying consolidated balance sheets in other assets. Employer contributions to this plan for the years ended December 31, 2017, 2016 and 2015 were approximately $2.6 million, $3.6 million and $5.2 million, respectively. As of December 31, 2017 and 2016, the cash surrender value of the supplemental executive and director retirement savings plan investments, which are included in other assets in the accompanying consolidated balance sheets, was $43.7 million and $30.8 million, respectively.

(19) Commitments and Contingencies

Litigation

The Company is subject to litigation arising in the ordinary course of business, including litigation principally relating to professional liability, auto accident and workers' compensation claims. There can be no assurance that the Company's insurance coverage and self-insured liabilities will be adequate to cover all liabilities occurring out of such claims. From time to time, in the ordinary course of business and like others in the Company's sector, the Company receives requests for information from government agencies in connection with their regulatory or investigational authority. Such requests can include subpoenas or demand letters for documents to assist the government in audits or investigations. The Company reviews such requests and notices and takes appropriate action. The Company has been subject to certain requests for information and investigations in the past and could be subject to such requests for information and investigations in the future. In the opinion of the Company, it is not engaged in any legal proceedings that the Company expects will have a material adverse effect on the Company's business, financial condition, cash flows or results of operations, other than as set forth below.

On December 19, 2017, the Company agreed to a final settlement with the Department of Justice to resolve the previously disclosed government investigation into physician services provided by the Company's EmCare subsidiary at hospitals affiliated with Health Management Associates, Inc. The Company agreed to pay approximately $31.1 million to resolve all federal government civil claims related to this matter, which was fully accrued prior to January 1, 2017, avoiding further expense and potential distraction from protracted litigation. The settlement of the federal government's claims does not constitute an admission or determination of improper conduct in the matter. In connection with the resolution of this matter, the Company agreed to enter into a CIA with the OIG, which is customary at the conclusion of many government healthcare investigations.

On August 4, 2017, a shareholder filed a purported class action in the United States District Court for the Middle District of Tennessee (M.D. Tenn.) against the Company and several of its officers and former officers alleging that the Company and the individual defendants violated the federal securities laws by making allegedly false and misleading statements and failing to disclose certain information. On September 29, 2017, and October 23, 2017, respectively, two purported class actions were filed in the same court making similar allegations. The Court subsequently consolidated these cases into a single action. On November 20, 2017, a shareholder filed a purported class action in the M.D. Tenn. against the Company and its Board. The plaintiff generally alleges that the Company and/or certain of its officers breached various fiduciary duties and violated the federal securities laws. On December 12, 2017, and December 15, 2017, respectively, two purported class actions were filed in the same court raising essentially the same allegations. The Company believes these claims are without merit and intends to vigorously defend these actions. Given the preliminary stage of these matters, the Company is unable to estimate the amount of potential damages, if any, in any of these actions.

Insurance Programs

Given the nature of the services provided, the Company and its subsidiaries are subject to professional and general liability claims and related lawsuits in the ordinary course of business. The Company maintains professional insurance with third-party insurers generally on a claims-made basis, subject to self-insured retentions, exclusions and other restrictions. A substantial portion of the professional liability loss risks are being provided by a third-party insurer which is fully reinsured by the Company's wholly owned captive insurance subsidiary. The assets, liabilities and results of operations of the wholly owned captive are consolidated in the accompanying consolidated financial statements. The liabilities for self-insurance in the accompanying consolidated balance sheets include estimates of the ultimate costs related to both reported claims on an individual and aggregate basis and unreported claims. The Company also obtains professional liability insurance on a claims-made basis from third-party insurers for its surgery centers and certain of its owned practices and employed physicians.

The Company's reserves for professional liability claims within the self-insured retention are based upon periodic actuarial calculations. These actuarial estimates consider historical claims frequency and severity, loss development patterns and other actuarial assumptions and are not discounted to present value.

The Company also maintains insurance for director and officer liability, workers' compensation liability and property damage. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the Company indemnifies its officers and directors for actions taken on behalf of the Company and its subsidiaries.

Redeemable Noncontrolling Interests

In the event of a change in current law that would prohibit the physicians' current form of ownership in the partnerships within the ambulatory services segment, the Company would be obligated to purchase the physicians' interests in a substantial amount of the Company's partnerships. The purchase price to be paid in such event would be determined by a predefined formula, as specified in the partnership agreements. The Company believes the likelihood of a change in current law that would trigger such purchases was remote as of December 31, 2017. As a result, the noncontrolling interests that are subject to this redemption feature are not included as part of the Company's equity and are classified as noncontrolling interests – redeemable on the Company's consolidated balance sheets.

In addition, certain wholly owned subsidiaries in the Company's ambulatory surgery segment are responsible for all debts incurred but unpaid by the Company's less than wholly owned partnerships as these subsidiaries are the general partner. As manager of the operations of these partnerships, the Company has the ability to limit potential liabilities by curtailing operations or taking other operating actions.

(20) Stockholders' Equity

a. Common Stock

On December 1, 2016, the Company completed the Merger. Upon completion of the Merger, each share of AmSurg common stock was converted into one share of Company common stock, par value of $0.01 per share, and each share of EHH common stock was converted into 0.334 shares of Company common stock, par value of $0.01 per share. Pursuant to the Merger, the Company issued 62,582,161 shares of common stock to the former stockholders of EHH which represented the conversion of all outstanding common stock of EHH as of December 1, 2016.

The Company repurchases shares by withholding a portion of employee restricted stock that vested to cover payroll withholding taxes in accordance with the restricted stock agreements. During 2017 and 2016, the Company repurchased approximately 135,872 shares and 83,000 shares, respectively, of common stock for approximately $9.5 million and $6.1 million, respectively.

On September 17, 2017, the Board authorized a stock repurchase program that authorizes the Company to repurchase up to $250 million of its common stock. The timing and amount of any shares repurchased will be determined based on the Company's evaluation of market conditions and other factors. Repurchases will be made in accordance with the rules and regulations promulgated by the SEC and certain other legal requirements to which the Company may be subject. The program may be suspended or discontinued at any time, and has no time limit. As of December 31, 2017, the Company had made no repurchases under the stock repurchase program.

b. Preferred Stock

Upon completion of the Merger, each share of AmSurg 5.25% mandatory convertible preferred stock, Series A-1 (AmSurg Preferred Stock) was converted into one share, par value of $0.01 per share, of Company 5.25% mandatory convertible preferred stock, Series A-1 (Company Preferred Stock). The Company originally issued 1,725,000 shares of Company Preferred Stock. During 2017, and prior to the mandatory conversion date of July 3, 2017, holders elected to convert 518,879 shares of Company Preferred Stock into 941,294 shares of Company common stock. On the mandatory conversion date, the remaining 1,206,121 outstanding shares of Company Preferred Stock automatically converted into 2,188,024 shares of Company common stock.

The Company Preferred Stock paid dividends at an annual rate of 5.25% of the initial liquidation preference of $100 per share. During the year ended December 31, 2017, the Board declared two dividends each totaling $1.3125 per share in cash, or $2.3 million, for the Company Preferred Stock. During each of the years ended December 31, 2016 and 2015, the Board declared four dividends, each totaling $1.3125 per share in cash, or $2.3 million. Following the mandatory conversion date, no shares of Company Preferred Stock were outstanding and all rights of the holders of Company Preferred Stock, including dividend rights, terminated.

c. Stock Incentive Plans

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 using a fair value method. The Company applies the Black-Scholes method of valuation in determining share-based compensation expense for option awards. For performance share units, the Company utilizes the Monte-Carlo method of valuation. For awards with graded vesting schedules, the Company recognizes compensation expense using the accelerated method. Forfeitures are recognized as incurred. Under Company policy, shares held by outside directors and senior management are subject to certain stock ownership guidelines and restrictions on hedging and pledging.

In May 2014, the Company adopted the AmSurg Corp. 2014 Equity and Incentive Plan (the "2014 Plan"), which was amended in both 2016 and 2017, most recently to change the name of the plan to the Envision Healthcare Corporation 2014 Equity and Incentive Plan, among other things. Under this plan, the Company also has granted restricted stock unit awards, non-qualified options and market-based performance share units to employees and outside directors. At December 31, 2017, 3,200,000 shares were authorized for grant under the 2014 Plan and 1,791,823 shares were available for future equity grants.

Restricted stock and stock units granted to outside directors vests on the first anniversary of the date of grant. Restricted stock granted to employees generally vests over three to four years in three equal installments. The fair value of restricted stock is determined based on the closing bid price of the Company's common stock on the grant date. The market-based performance share units vest based on achievement of both the three year service condition and market condition. Under the terms of the 2014 Plan, all equity awards granted thereunder are subject to a one year minimum vesting period.

During the year ended December 31, 2017, the Company issued 58,022 market-based performance share units with a grant date fair value of $57.47 per unit using a Monte Carlo simulation model. In addition, as a result of the Merger, 191,927 market-based performance share units were converted at a fair value of $62.69 per share. At December 31, 2017, 195,755 market-based performance shares were outstanding. The market-based performance share units continue to have the same terms and conditions as were in effect prior to the Merger. The Monte Carlo simulation used to calculate the fair value of the market-based performance share units simulates the present value of the potential outcomes of future stock prices of the Company and the companies included in the defined performance index over the performance cycle. The projection of stock prices are based on the risk-free rate of return, the volatilities of the stock price of the Company and the companies included in the defined performance index, and the correlation of the stock price of the Company with these companies. If the financial performance goal is not achieved, the market based performance share units will be forfeited. The number of market based performance share units that will ultimately be received by the holders range from 0% to 150% of the units granted, depending on the Company's level of achievement with respect to the financial performance goal.

During the year ended December 31, 2017, the Company issued 351,832 performance-based share units which vest in a range from 0% to 150% of the number of target units awarded, depending on the Company's level of achievement with respect to the financial performance goal, after three years. The Company has not recognized stock compensation expense for the performance-based share units during the year ended December 31, 2017 as the performance conditions have not been determined as of December 31, 2017. The Company expects the performance conditions to be determined during the third year of vesting. At December 31, 2017, 310,151 performance-based share units were outstanding.

The Company did not issue options subsequent to 2008 from the 2014 Plan, and all outstanding options issued under the 2014 Plan are fully vested. Options previously issued under the 2014 Plan were granted at market value on the date of the grant and vested over four years. Outstanding options issued under the 2014 Plan have a term of ten years from the date of grant.

On December 1, 2016, upon completion of the Merger, each outstanding option to purchase shares of EHH common stock and each outstanding EHH stock unit (including stock units subject to time-based and performance-based vesting conditions) were converted into an option to purchase 0.334 shares of common stock of the Company and 0.334 stock units of the Company, respectively. Each option and stock unit continues to have the same terms and conditions as were in effect under the Envision Healthcare Holdings, Inc. 2013 Omnibus Incentive Plan (the "2013 Plan") prior to the completion of the Merger. During the year ended December 31, 2017, the plan was renamed to the Envision Healthcare Corporation 2013 Omnibus Incentive Plan. At December 31, 2017, 5,580,568 shares were authorized for grant under the 2013 Plan and 4,014,824 shares were available for future equity grants. Non-performance and performance-based awards issued under the 2013 Plan have a time-based vesting ranging from one to three years. All options issued under the 2013 Plan have a term of ten years from the date of grant. Under the terms of the 2013 Plan, all equity awards granted thereunder are subject to a one year minimum vesting period.

A summary of the status of and changes for non-vested restricted shares for the periods presented below is summarized as follows:

	Number of Awards	Weighted Average Grant Price
Non-vested awards at January 1, 2015	668,109	$ 33.51
Shares granted	313,498	56.19
Shares vested	(233,831)	28.19
Shares forfeited	(13,675)	42.15
Non-vested awards at December 31, 2015	734,101	$ 44.73
Shares converted as part of the Merger	145,118	68.12
Shares granted	662,146	72.78
Shares vested	(282,597)	40.75
Shares forfeited	(18,242)	61.97
Non-vested awards at December 31, 2016	1,240,526	$ 63.09
Shares granted	727,364	63.05
Shares vested	(438,866)	55.00
Shares forfeited	(118,563)	63.94
Non-vested awards at December 31, 2017	1,410,461	$ 65.52

A summary of stock option activity for the periods presented below is summarized as follows:

	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding at January 1, 2015	158,721	$	22.89	1.7
Options exercised with total intrinsic value of $4.9 million	(113,220)		22.81	
Options canceled	(11,750)		23.42	
Outstanding at December 31, 2015	33,751	$	22.98	1.1
Options converted at Merger date	3,525,027		20.80	5.2
Options exercised with total intrinsic value of $1.6 million	(40,408)		18.39	
Options terminated	(7,256)		27.49	
Outstanding at December 31, 2016	3,511,114	$	20.81	5.1
Options granted	239		55.98	
Options exercised with total intrinsic value of $21.2 million	(523,181)		12.75	
Options canceled	(162,151)		66.24	
Outstanding at December 31, 2017 with an aggregate intrinsic value of $56.4 million	2,826,021	$	19.70	4.3
Vested and Exercisable at December 31, 2017 with an aggregate intrinsic value of $56.4 million	2,597,344	$	15.41	3.9

The aggregate intrinsic value represents the total pre-tax intrinsic value received by the option holders on the exercise date or that would have been received by the option holders had all holders of in-the-money outstanding options at December 31, 2017 exercised their options at the Company's closing stock price on December 31, 2017.

The fair value of each stock option award converted as part of the Merger was calculated on the merger date, December 1, 2016, using the Black-Scholes valuation model with the following assumptions indicated in the below table. The volatility assumptions were based on the historical stock volatility of the Company.

Volatility	31.9%
Risk free rate	0.82% - 1.90%
Expected term of options in years	1.0 - 5.0
Expected dividend yield	0%

Other information pertaining to share-based activity for the years ended December 31, 2017, 2016 and 2015 was as follows (in millions):

		2017		2016		2015
Share-based compensation expense from continuing operations	$	40.9	$	28.6	$	15.0
Fair value of shares vested		33.1		20.7		13.2
Cash received from option exercises		5.4		0.7		2.6
Tax expense (benefit) from share based awards		2.0		(3.9)		(4.0)

As of December 31, 2017, the Company had total unrecognized compensation cost of approximately $35.4 million related to non-vested awards, which the Company expects to recognize over a weighted average period of 0.9 years. During the year ended December 31, 2017, there were 417,368 options that were anti-dilutive. During the years ended December 31, 2016 and 2015, there were no options that were anti-dilutive.

d. Earnings per Share

Basic net earnings (loss) attributable to Envision Healthcare Corporation common stockholders, per common share, excludes dilution and is computed by dividing net earnings (loss) attributable to Envision Healthcare Corporation common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings (loss) attributable to Envision Healthcare Corporation common stockholders, per common share is computed by dividing net earnings (loss) attributable to Envision Healthcare Corporation common stockholders by the weighted-average number of common shares outstanding during the period plus any potential dilutive common share equivalents, including shares issuable (i) upon the vesting of restricted stock awards, restricted stock units and performance stock units as determined under the treasury stock method and (ii) prior to July 3, 2017, the mandatory conversion date, upon conversion of the Company Preferred Stock as determined under the if-converted method. For purposes of calculating diluted earnings (loss) per share, preferred stock dividends have been subtracted from both net earnings (loss) from continuing operations attributable to Envision Healthcare Corporation and net earnings (loss) attributable to Envision Healthcare Corporation common stockholders in periods in which utilizing the if-converted method would be anti-dilutive.

The following is a reconciliation of the numerator and denominators of basic and diluted earnings (loss) per share (dollars in millions, except per share amounts):

	Earnings (Loss) (Numerator)	Shares (in thousands) (Denominator)	Per Share Amount
For the year ended December 31, 2017:			
Net earnings from continuing operations attributable to Envision Healthcare Corporation common shareholders (basic)	$ 259.4	118,397	$ 2.19
Effect of dilutive securities, options and non-vested shares		2,546	
Net earnings from continuing operations attributable to Envision Healthcare Corporation common stockholders (diluted)	$ 259.4	120,943	$ 2.14
For the year ended December 31, 2016:			
Net earnings from continuing operations attributable to Envision Healthcare Corporation common stockholders (basic and diluted)	$ (31.7)	59,002	$ (0.54)
For the year ended December 31, 2015:			
Net earnings from continuing operations attributable to Envision Healthcare Corporation common stockholders (basic)	$ 154.9	48,058	$ 3.22
Preferred stock dividends	9.1		
Effect of dilutive securities, options and non-vested shares		3,554	
Net earnings from continuing operations attributable to Envision Healthcare Corporation common stockholders (diluted)	$ 164.0	51,612	$ 3.18

(21) Segment Reporting

Prior to the classification of the medical transportation business into discontinued operations, the Company operated in three major lines of business, physician services, medical transportation and ambulatory services, which had been identified as its operating and reportable segments. Subsequent to the discontinued operations classification, the Company has aligned financial results into two operating and reportable segments: physician services and ambulatory services. The physician services segment includes the Company's hospital-based and non-hospital-based physician services business. The ambulatory services segment includes the Company's ambulatory surgery business, which acquires, develops, owns and operates ASCs and surgical hospitals in partnership with physicians and health systems.

The Company's financial information by segment is prepared on an internal management reporting basis and includes allocations of corporate expenses. This financial information is used by the chief operating decision maker to allocate resources and assess the performance of the segments. The Company's segments have been defined based on the separate financial information that is regularly produced and reviewed by the Company's chief operating decision maker which is its Chief Executive Officer.

The following table presents financial information for each reportable segment (in millions):

	Year ended December 31,		
	2017	2016	2015
Net Revenue:			
Physician Services [1]	$ 6,542.4	$ 2,229.7	$ 1,336.8
Ambulatory Services	1,276.9	1,268.2	1,230.1
Total	$ 7,819.3	$ 3,497.9	$ 2,566.9
Adjusted EBITDA:			
Physician Services [1][2]	$ 655.5	$ 366.3	$ 266.2
Ambulatory Services [2]	253.5	240.1	226.1
Total	$ 909.0	$ 606.4	$ 492.3
Adjusted EBITDA:	$ 909.0	$ 606.4	$ 492.3
Net earnings attributable to noncontrolling interests	202.0	224.1	218.2
Interest expense, net	(231.1)	(142.4)	(121.5)
Depreciation and amortization	(288.9)	(137.6)	(97.5)
Share-based compensation	(40.9)	(28.6)	(15.0)
Net change in fair value of contingent consideration	(0.1)	2.6	(8.8)
Transaction and integration costs	(88.7)	(76.3)	(8.4)
Debt extinguishment costs	—	(30.3)	—
Impairment charges	(500.3)	(221.3)	—
Net gain (loss) on disposals and deconsolidations, net of noncontrolling interests	9.7	5.7	36.7
Net change in deferred taxes due to tax reform attributable to noncontrolling interests	(1.6)	—	—
Purchase accounting adjustments	—	(4.1)	—
Earnings (loss) from continuing operations before income taxes	$ (30.9)	$ 198.2	$ 496.0
Acquisition and Capital Expenditures:			
Physician Services [1]	$ 664.9	$ 406.4	$ 854.4
Ambulatory Services	81.8	77.4	168.6
Total	$ 746.7	$ 483.8	$ 1,023.0

	2017	2016
Assets:		
Physician Services	$ 10,975.6	$ 10,978.5
Ambulatory Services	2,845.2	2,690.9
Assets held for sale	2,751.8	3,039.5
Total	$ 16,572.6	$ 16,708.9

(1) On December 1, 2016, the Company completed the Merger. Accordingly, historical amounts from EHH for periods prior to that date are not included.

(2) For the year ended December 31, 2017 and on a before tax basis, approximately $58.1 million of general corporate expenses, including allocations for corporate salaries and stock based compensation, general and administrative costs and depreciation, were removed from the medical transportation business and reallocated to the Company's remaining segments. This removal of corporate expenses resulted in a reduction of Adjusted EBITDA in the physician services and ambulatory services segments of $26.3 million and $7.8 million, respectively, for the year ended December 31, 2017.

(22) Financial Information for the Company and Its Subsidiaries

The 2022 Senior Unsecured Notes are senior unsecured obligations of the Company and are guaranteed by its existing and subsequently acquired or organized 100% owned domestic subsidiaries. The 2022 Senior Unsecured Notes are guaranteed on a full and unconditional and joint and several basis, with limited exceptions considered customary for such guarantees, including the release of the guarantee when a subsidiary's assets are sold. The following condensed consolidating financial statements present the Company (as parent issuer), the subsidiary guarantors, the subsidiary non-guarantors and consolidating adjustments. These condensed consolidating financial statements have been prepared and presented in accordance with Rule 3-10 of Regulation S-X "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered." The operating and investing activities of the separate legal entities are fully interdependent and integrated. Accordingly, the results of the separate legal entities are not representative of what the operating results would be on a stand-alone basis. As a result of the refinancing related to the Merger, the guarantor structure of certain entities changed and these statements have been revised to reflect the current structure post-Merger.

Condensed Consolidating Balance Sheet - December 31, 2017 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 110.0	$ 10.2	$ 192.0	$ —	$ 312.2
Insurance collateral	—	—	86.2	—	86.2
Accounts receivable, net	—	275.1	1,130.7	—	1,405.8
Supplies inventory	—	—	22.7	—	22.7
Prepaid and other current assets	7.5	75.8	82.7	(0.4)	165.6
Current assets held for sale	—	2,751.8	—	—	2,751.8
Total current assets	117.5	3,112.9	1,514.3	(0.4)	4,744.3
Property and equipment, net	10.8	103.2	188.7	—	302.7
Investments in and advances to affiliates	10,713.9	1,971.9	—	(12,529.1)	156.7
Intercompany receivable	2,924.9	227.7	—	(3,152.6)	—
Goodwill	—	1,543.3	—	5,992.8	7,536.1
Intangible assets, net	12.9	1,256.1	2,396.5	—	3,665.5
Other assets	50.0	43.6	73.7	—	167.3
Total assets	$ 13,830.0	$ 8,258.7	$ 4,173.2	$ (9,689.3)	$ 16,572.6
Liabilities and Equity					
Current liabilities:					
Current portion of long-term debt	$ 40.0	$ 0.1	$ 12.0	$ —	$ 52.1
Accounts payable	2.0	23.1	37.1	—	62.2
Accrued salaries and benefits	5.5	218.1	324.4	—	548.0
Accrued interest	52.1	—	—	—	52.1
Other accrued liabilities	3.1	162.5	116.4	(0.4)	281.6
Current liabilities held for sale	—	399.1	—	—	399.1
Total current liabilities	102.7	802.9	489.9	(0.4)	1,395.1
Long-term debt, net of deferred financing costs	6,218.7	0.3	44.3	—	6,263.3
Deferred income taxes	940.0	—	149.3	—	1,089.3
Insurance reserves	6.0	106.3	206.2	—	318.5
Other long-term liabilities	35.5	78.5	35.9	—	149.9
Intercompany payable	—	2,673.6	479.0	(3,152.6)	—
Noncontrolling interests – redeemable	—	—	75.3	111.8	187.1
Equity:					
Total Envision Healthcare Corporation equity	6,527.1	4,597.1	2,544.4	(7,141.5)	6,527.1
Noncontrolling interests – non-redeemable	—	—	148.9	493.4	642.3
Total equity	6,527.1	4,597.1	2,693.3	(6,648.1)	7,169.4
Total liabilities and equity	$ 13,830.0	$ 8,258.7	$ 4,173.2	$ (9,689.3)	$ 16,572.6

Condensed Consolidating Balance Sheet - December 31, 2016 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 41.6	$ 45.0	$ 230.3	$ —	$ 316.9
Insurance collateral	—	0.8	86.2	—	87.0
Accounts receivable, net	—	282.2	1,015.6	—	1,297.8
Supplies inventory	—	—	23.4	—	23.4
Prepaid and other current assets	21.2	58.3	56.6	(1.0)	135.1
Current assets held for sale	—	551.1	—	—	551.1
Total current assets	62.8	937.4	1,412.1	(1.0)	2,411.3
Property and equipment, net	11.6	96.5	192.7	—	300.8
Investments in and advances to affiliates	11,289.9	2,250.9	—	(13,426.1)	114.7
Intercompany receivable	2,324.9	291.2	—	(2,616.1)	—
Goodwill	—	1,580.6	—	6,003.4	7,584.0
Intangible assets, net	12.8	1,276.4	2,386.3	—	3,675.5
Other assets	31.3	54.2	59.4	(10.7)	134.2
Noncurrent assets held for sale	—	2,488.4	—	—	2,488.4
Total assets	$ 13,733.3	$ 8,975.6	$ 4,050.5	$ (10,050.5)	$ 16,708.9
Liabilities and Equity					
Current liabilities:					
Current portion of long-term debt	$ 35.0	$ 0.6	$ 11.0	$ —	$ 46.6
Accounts payable	5.0	34.1	30.8	—	69.9
Accrued salaries and benefits	13.4	186.1	284.3	—	483.8
Accrued interest	51.4	—	—	—	51.4
Other accrued liabilities	3.9	147.4	102.9	(1.0)	253.2
Current liabilities held for sale	—	249.4	—	—	249.4
Total current liabilities	108.7	617.6	429.0	(1.0)	1,154.3
Long-term debt, net of deferred financing costs	5,749.0	0.3	40.9	—	5,790.2
Deferred income taxes	1,109.9	—	233.8	—	1,343.7
Insurance reserves	4.2	127.6	147.1	—	278.9
Other long-term liabilities	30.4	33.1	38.9	—	102.4
Noncurrent liabilities held for sale	—	468.6	—	—	468.6
Intercompany payable	—	2,290.1	326.0	(2,616.1)	—
Noncontrolling interests – redeemable	—	—	70.5	112.4	182.9
Equity:					
Total Envision Healthcare Corporation equity	6,731.1	5,438.3	2,558.9	(7,997.2)	6,731.1
Noncontrolling interests – non-redeemable	—	—	205.4	451.4	656.8
Total equity	6,731.1	5,438.3	2,764.3	(7,545.8)	7,387.9
Total liabilities and equity	$ 13,733.3	$ 8,975.6	$ 4,050.5	$ (10,050.5)	$ 16,708.9

Condensed Consolidating Statement of Operations - Year Ended December 31, 2017 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net revenue	$ 31.1	$ 1,768.9	$ 6,166.8	$ (147.5)	$ 7,819.3
Operating expenses:					
Salaries and benefits	77.9	1,609.7	3,940.4	(0.6)	5,627.4
Supply cost	—	5.1	217.7	(0.1)	222.7
Insurance expense	2.0	8.8	246.0	(112.6)	144.2
Other operating expenses	28.5	117.0	666.4	(34.2)	777.7
Transaction and integration costs	8.9	78.7	1.1	—	88.7
Impairment charges	—	500.3	—	—	500.3
Depreciation and amortization	6.0	212.8	70.1	—	288.9
Total operating expenses	123.3	2,532.4	5,141.7	(147.5)	7,649.9
Net gain (loss) on disposals and deconsolidations	—	25.7	(28.1)	—	(2.4)
Equity in earnings of affiliates	(311.2)	1,070.0	—	(736.6)	22.2
Operating income (loss)	(403.4)	332.2	997.0	(736.6)	189.2
Interest expense, net	27.3	159.3	44.5	—	231.1
Other income (expense), net	10.5	(15.2)	15.7	—	11.0
Earnings (loss) from continuing operations before income taxes	(420.2)	157.7	968.2	(736.6)	(30.9)
Income tax benefit	(192.2)	(23.0)	(281.6)	—	(496.8)
Net earnings (loss) from continuing operations	(228.0)	180.7	1,249.8	(736.6)	465.9
Net loss from discontinued operations	—	(491.9)	—	—	(491.9)
Net earnings (loss)	(228.0)	(311.2)	1,249.8	(736.6)	(26.0)
Less net earnings attributable to noncontrolling interests	—	—	202.0	—	202.0
Net earnings (loss) attributable to Envision Healthcare Corporation stockholders	(228.0)	(311.2)	1,047.8	(736.6)	(228.0)
Preferred stock dividends	(4.5)	—	—	—	(4.5)
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (232.5)	$ (311.2)	$ 1,047.8	$ (736.6)	$ (232.5)
Amounts attributable to Envision Healthcare Corporation common stockholders:					
Earnings (loss) from continuing operations, net of income tax	$ (232.5)	$ 180.7	$ 1,047.8	$ (736.6)	259.4
Loss from discontinued operations, net of income tax	—	(491.9)	—	—	(491.9)
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (232.5)	$ (311.2)	$ 1,047.8	$ (736.6)	$ (232.5)
Comprehensive income (loss) attributable to Envision Healthcare Corporation	$ (228.0)	$ (315.2)	$ 1,047.8	$ (736.6)	$ (232.0)

Condensed Consolidating Statement of Operations - Year Ended December 31, 2016 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net revenue	$ 30.8	$ 1,207.8	$ 2,309.7	$ (50.4)	$ 3,497.9
Operating expenses:					
Salaries and benefits	90.3	927.0	1,049.6	(6.3)	2,060.6
Supply cost	—	3.9	194.5	—	198.4
Insurance expense	2.6	13.8	31.0	(1.9)	45.5
Other operating expenses	21.5	12.3	426.1	(42.2)	417.7
Transaction and integration costs	27.2	49.0	0.1	—	76.3
Impairment charges	—	221.3	—	—	221.3
Depreciation and amortization	4.5	75.2	57.9	—	137.6
Total operating expenses	146.1	1,302.5	1,759.2	(50.4)	3,157.4
Net gain (loss) on disposals and deconsolidations	—	6.6	(0.9)	—	5.7
Equity in earnings of affiliates	114.0	299.2	—	(389.5)	23.7
Operating income (loss)	(1.3)	211.1	549.6	(389.5)	369.9
Interest expense (income), net	(8.5)	112.7	38.2	—	142.4
Debt extinguishment costs	30.3	—	—	—	30.3
Other income, net	1.0	—	—	—	1.0
Earnings (loss) from continuing operations before income taxes	(22.1)	98.4	511.4	(389.5)	198.2
Income tax expense (benefit)	(3.5)	(12.7)	12.9	—	(3.3)
Net earnings (loss) from continuing operations	(18.6)	111.1	498.5	(389.5)	201.5
Net earnings from discontinued operations	—	4.0	—	—	4.0
Net earnings (loss)	(18.6)	115.1	498.5	(389.5)	205.5
Less net earnings attributable to noncontrolling interests	—	1.1	223.0	—	224.1
Net earnings (loss) attributable to Envision Healthcare Corporation stockholders	(18.6)	114.0	275.5	(389.5)	(18.6)
Preferred stock dividends	(9.1)	—	—	—	(9.1)
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (27.7)	$ 114.0	$ 275.5	$ (389.5)	$ (27.7)
Amounts attributable to Envision Healthcare Corporation common stockholders:					
Earnings (loss) from continuing operations, net of income tax	$ (27.7)	$ 110.0	$ 275.5	$ (389.5)	$ (31.7)
Earnings from discontinued operations, net of income tax	—	4.0	—	—	4.0
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders	$ (27.7)	$ 114.0	$ 275.5	$ (389.5)	$ (27.7)
Comprehensive income (loss) attributable to Envision Healthcare Corporation	$ (18.6)	$ 113.8	$ 275.5	$ (389.5)	$ (18.8)

Appendix C

Condensed Consolidating Statement of Earnings - Year Ended December 31, 2015 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net revenue	$ 28.6	$ 817.1	$ 1,799.9	$ (78.7)	$ 2,566.9
Operating expenses:					
Salaries and benefits	69.1	600.1	675.7	(0.5)	1,344.4
Supply cost	—	1.6	182.8	(0.1)	184.3
Insurance expense	1.0	16.6	13.6	—	31.2
Other operating expenses	23.6	73.9	317.1	(78.1)	336.5
Transaction and integration costs	1.8	6.6	—	—	8.4
Depreciation and amortization	3.9	42.0	51.6	—	97.5
Total operating expenses	99.4	740.8	1,240.8	(78.7)	2,002.3
Net gain (loss) on disposals and deconsolidations	—	37.3	(0.6)	—	36.7
Equity in earnings of affiliates	312.7	321.3	—	(617.8)	16.2
Operating income	241.9	434.9	558.5	(617.8)	617.5
Interest expense, net	41.1	66.9	13.5	—	121.5
Earnings from continuing operations before income taxes	200.8	368.0	545.0	(617.8)	496.0
Income tax expense	36.8	55.3	21.7	—	113.8
Net earnings from continuing operations	164.0	312.7	523.3	(617.8)	382.2
Net loss from discontinued operations	(1.0)	—	—	—	(1.0)
Net earnings	163.0	312.7	523.3	(617.8)	381.2
Net earnings attributable to noncontrolling interests	—	—	218.2	—	218.2
Net earnings attributable to Envision Healthcare Corporation stockholders	163.0	312.7	305.1	(617.8)	163.0
Preferred stock dividends	(9.1)	—	—	—	(9.1)
Net earnings attributable to Envision Healthcare Corporation common stockholders	$ 153.9	$ 312.7	$ 305.1	$ (617.8)	$ 153.9
Amounts attributable to Envision Healthcare Corporation common stockholders:					
Earnings from continuing operations, net of income tax	$ 154.9	$ 312.7	$ 305.1	$ (617.8)	$ 154.9
Loss from discontinued operations, net of income tax	(1.0)	—	—	—	(1.0)
Net earnings attributable to Envision Healthcare Corporation common stockholders	$ 153.9	$ 312.7	$ 305.1	$ (617.8)	$ 153.9
Comprehensive income attributable to Envision Healthcare Corporation	$ 163.0	$ 312.7	$ 305.1	$ (617.8)	$ 163.0

Condensed Consolidating Statement of Cash Flows - Year Ended December 31, 2017 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash flows from operating activities:					
Net cash flows provided by operating activities	$ 46.3	$ 532.5	$ 670.2	$ (451.6)	$ 797.4
Cash flows from investing activities:					
Acquisitions and related transactions	(427.5)	(758.6)	—	428.3	(757.8)
Acquisition of property and equipment	(3.9)	(166.4)	(38.6)	—	(208.9)
Purchases of marketable securities	—	—	(24.5)	—	(24.5)
Maturities of marketable securities	—	—	15.0	—	15.0
Other	—	(39.1)	33.2	—	(5.9)
Net cash flows used in investing activities	(431.4)	(964.1)	(14.9)	428.3	(982.1)
Cash flows from financing activities:					
Proceeds from long-term borrowings	789.0	—	12.9	—	801.9
Repayment on long-term borrowings	(328.0)	(1.5)	(12.2)	—	(341.7)
Distributions to owners, including noncontrolling interests	—	(190.9)	(490.5)	451.6	(229.8)
Capital contributions	—	427.5	—	(427.5)	—
Financing cost incurred	(3.5)	—	—	—	(3.5)
Changes in intercompany balances with affiliates, net	3.2	203.5	(206.7)	—	—
Other financing activities, net	(7.2)	(16.5)	2.9	(0.8)	(21.6)
Net cash flows provided by (used in) financing activities	453.5	422.1	(693.6)	23.3	205.3
Net increase (decrease) in cash and cash equivalents	68.4	(9.5)	(38.3)	—	20.6
Cash and cash equivalents, beginning of period	41.6	59.7	230.3	—	331.6
Less cash and cash equivalents of held for sale assets, end of period	—	40.0	—	—	40.0
Cash and cash equivalents, end of period	$ 110.0	$ 10.2	$ 192.0	$ —	$ 312.2

Condensed Consolidating Statement of Cash Flows - Year Ended December 31, 2016 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash flows from operating activities:					
Net cash flows provided by operating activities	$ 80.7	$ 240.0	$ 567.2	$ (468.1)	$ 419.8
Cash flows from investing activities:					
Acquisitions and related transactions	(388.5)	(398.2)	—	392.4	(394.3)
Acquisition of property and equipment	(1.4)	(60.8)	(37.3)	—	(99.5)
Increase in cash due to merger	—	50.4	115.4	—	165.8
Increase in cash due to consolidation of previously unconsolidated affiliates	—	—	31.4	—	31.4
Purchases of marketable securities	—	—	(1.6)	—	(1.6)
Maturities of marketable securities	—	—	3.8	—	3.8
Other	—	(17.4)	8.1	—	(9.3)
Net cash flows provided by (used in) investing activities	(389.9)	(426.0)	119.8	392.4	(303.7)
Cash flows from financing activities:					
Proceeds from long-term borrowings	4,500.0	—	9.2	—	4,509.2
Repayment on long-term borrowings	(4,045.6)	(0.1)	(16.4)	—	(4,062.1)
Distributions to owners, including noncontrolling interests	—	(215.0)	(480.9)	468.0	(227.9)
Capital contributions	—	388.5	—	(388.5)	—
Financing cost incurred	(103.4)	—	—	—	(103.4)
Changes in intercompany balances with affiliates, net	(11.4)	45.0	(33.6)	—	—
Other financing activities, net	(9.2)	2.8	3.2	(3.8)	(7.0)
Net cash flows provided by (used in) financing activities	330.4	221.2	(518.5)	75.7	108.8
Net increase in cash and cash equivalents	21.2	35.2	168.5	—	224.9
Cash and cash equivalents, beginning of period	20.4	24.5	61.8	—	106.7
Less cash and cash equivalents of held for sale assets, end of period	—	14.7	—	—	14.7
Cash and cash equivalents, end of period	$ 41.6	$ 45.0	$ 230.3	$ —	$ 316.9

Condensed Consolidating Statement of Cash Flows - Year Ended December 31, 2015 (In millions)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash flows from operating activities:					
Net cash flows provided by operating activities	$ 40.4	$ 353.6	$ 490.2	$ (346.2)	$ 538.0
Cash flows from investing activities:					
Acquisitions and related transactions	(757.8)	(969.2)	—	764.3	(962.7)
Acquisition of property and equipment	(5.9)	(23.0)	(31.4)	—	(60.3)
Purchases of marketable securities	—	—	(3.9)	—	(3.9)
Maturities of marketable securities	—	—	4.2	—	4.2
Other	—	4.2	1.7	—	5.9
Net cash flows used in investing activities	(763.7)	(988.0)	(29.4)	764.3	(1,016.8)
Cash flows from financing activities:					
Proceeds from long-term borrowings	546.0	—	14.1	—	560.1
Repayment on long-term borrowings	(379.7)	—	(12.9)	—	(392.6)
Distributions to owners, including noncontrolling interests	—	(109.9)	(451.2)	346.2	(214.9)
Capital contributions	—	757.8	—	(757.8)	—
Proceeds from common stock offering	466.8	—	—	—	466.8
Payments of equity issuance costs	(19.1)	—	—	—	(19.1)
Financing cost incurred	(1.1)	—	—	—	(1.1)
Changes in intercompany balances with affiliates, net	5.0	—	(5.0)	—	—
Other financing activities, net	(8.6)	(9.8)	3.1	(6.5)	(21.8)
Net cash flows provided by (used in) financing activities	609.3	638.1	(451.9)	(418.1)	377.4
Net increase (decrease) in cash and cash equivalents	(114.0)	3.7	8.9	—	(101.4)
Cash and cash equivalents, beginning of period	134.4	20.8	52.9	—	208.1
Cash and cash equivalents, end of period	$ 20.4	$ 24.5	$ 61.8	$ —	$ 106.7

(23) Subsequent Events

The Company assessed events occurring subsequent to December 31, 2017 for potential recognition and disclosure in the consolidated financial statements. No events have occurred that would require adjustment to or disclosure in the consolidated financial statements.

Quarterly Statement of Operations Data (Unaudited)

The following table presents certain quarterly statement of earnings data for the years ended December 31, 2017 and 2016. The quarterly statement of earnings data set forth below was derived from the Company's unaudited financial statements and includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation thereof. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods.

	2017				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 [1]
	(In millions, except per share data)							
Net revenues	$ 1,878.6	$ 1,947.0	$ 1,990.7	$ 2,003.0	$ 724.7	$ 758.5	$ 822.2	$ 1,192.5
Earnings (loss) from continuing operations before income taxes	104.6	139.6	118.5	(393.6)	105.5	136.5	125.2	(169.0)
Net earnings (loss) from continuing operations	87.1	104.0	91.4	183.4	84.7	103.1	95.6	(81.9)
Net earnings (loss) from discontinued operations	(478.2)	3.9	(12.4)	(5.2)	—	—	—	4.0
Net earnings (loss)	(391.1)	107.9	79.0	178.2	84.7	103.1	95.6	(77.9)
Net earnings (loss) attributable to Envision Healthcare Corporation common stockholders:								
Continuing	30.7	50.2	40.7	137.8	28.6	43.8	37.7	(141.8)
Discontinued	(478.2)	3.9	(12.4)	(5.2)	—	—	—	4.0
Net earnings (loss)	$ (447.5)	$ 54.1	$ 28.3	$ 132.6	$ 28.6	$ 43.8	$ 37.7	$ (137.8)
Basic net earnings (loss) from continuing operations per share	$ 0.26	$ 0.43	$ 0.34	$ 1.15	$ 0.53	$ 0.82	$ 0.70	$ (1.90)
Basic net earnings (loss) per share	$ (3.84)	$ 0.46	$ 0.24	$ 1.10	$ 0.53	$ 0.82	$ 0.70	$ (1.84)
Diluted net earnings (loss) from continuing operations per share	$ 0.26	$ 0.42	$ 0.33	$ 1.13	$ 0.53	$ 0.80	$ 0.69	$ (1.90)
Diluted net earnings (loss) per share	$ (3.84)	$ 0.45	$ 0.23	$ 1.08	$ 0.53	$ 0.80	$ 0.69	$ (1.84)

(1) The results of operations for EHH are included beginning December 1, 2016. Fees and expenses associated with the Merger, which includes fees incurred related to the Company's equity issuances and debt financings, was approximately $199.0 million during the quarter ended December 31, 2016. Approximately $94.9 million was capitalized as deferred financing costs, $73.8 million was expensed as transaction costs, and $30.3 million was recorded as debt extinguishment costs during the quarter ended December 31, 2016.

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

Not applicable.

Item 9A. Controls and Procedures

Management's Report on Internal Control Over Financial Reporting

We are responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report. The consolidated financial statements were prepared in conformity with United States generally accepted accounting principles and include amounts based on management's estimates and judgments. All other financial information in this report has been presented on a basis consistent with the information included in the consolidated financial statements.

We are also responsible for establishing and maintaining adequate internal controls over financial reporting. We maintain a system of internal controls that is designed to provide reasonable assurance as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Our control environment is the foundation for our system of internal controls over financial reporting and is embodied in our Code of Conduct. It sets the tone of our organization and includes factors such as integrity and ethical values. Our internal controls over financial reporting are supported by formal policies and procedures which are reviewed, modified and improved as changes occur in business conditions and operations.

We conducted an evaluation of effectiveness of our internal controls over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, effectiveness of controls and a conclusion on this evaluation. Our review excluded acquisitions that occurred in 2017, whose consolidated assets of approximately $812 million and whose net revenues of approximately $364 million, were included in the Company's consolidated balance sheet and statement of earnings as of and for the year ended December 31, 2017. We expect that our internal control system will be fully implemented at the acquired entities during 2018 and correspondingly evaluated by us for effectiveness. Although there are inherent limitations in the effectiveness of any system of internal controls over financial reporting, based on our evaluation, we have concluded that our internal controls over financial reporting were effective as of December 31, 2017.

The effectiveness of the Company's internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, and they have issued an attestation report on the Company's internal control over financial reporting which is set forth in the Report of Independent Registered Public Accounting Firm in Part II, Item 9A of this Annual Report on Form 10-K.

/s/ Christopher A. Holden
Christopher A. Holden
President and Chief Executive Officer

/s/ Kevin D. Eastridge
Kevin D. Eastridge
Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Envision Healthcare Corporation
Nashville, Tennessee

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Envision Healthcare Corporation and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017 of the Company and our report dated March 1, 2018 expressed an unqualified opinion on those financial statements and included an explanatory paragraph relating to the merger of AmSurg Corp. and Envision Healthcare Holdings, Inc. as of December 1, 2016 appearing in Notes 1 and 4 to the consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting for the Company's acquisitions occurring during 2017, whose consolidated assets of approximately $812 million and whose net revenues of approximately $364 million, were included in the Company's consolidated balance sheet and statement of earnings as of and for the year ended December 31, 2017. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Nashville, Tennessee
March 1, 2018

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management team, including our chief executive officer and chief financial officer, we conducted an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of December 31, 2017. Based on that evaluation, our chief executive officer (principal executive officer) and chief financial officer (principal accounting officer) have concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2017 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to our directors, which will be set forth in our Definitive Proxy Statement for the Company's 2018 Annual Meeting of Stockholders (the 2018 Proxy Statement), is incorporated herein by reference. Information concerning our executive officers is included in Part I of this Annual Report on Form 10-K under the caption "Executive Officers," and is incorporated herein by reference.

Information with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934, which will be set forth in our 2018 Proxy Statement, is incorporated herein by reference. Information with respect to our audit committee and audit committee financial experts, set forth in our 2018 Proxy Statement, is incorporated herein by reference.

Copies of the Code of Business Conduct and Ethics and the Code of Ethics for the Chief Executive Officer and Senior Financial Officers are available on our website www.evhc.net under the heading "Corporate Governance" and "Code of Business Conduct and Ethics." Our website address is provided as an inactive textual reference and the contents of our website are not incorporated by reference herein.

Item 11. Executive Compensation

Information required by this item, which will be set forth in our 2018 Proxy Statement, is incorporated herein by reference.

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

Information with respect to security ownership of certain beneficial owners and management and related stockholder matters and our equity compensation plans, which will be set forth in our 2018 Proxy Statement, is incorporated herein by reference.

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

Information with respect to certain relationships and related transactions and director independence, which will be set forth in our 2018 Proxy Statement, is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information with respect to the fees paid to and services provided by our principal accountant, which will be set forth in our 2018 Proxy Statement is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) **Financial Statements:** See Item 8 herein.

(2) **Financial Statement Schedules:**

(All schedules are omitted because the required information is either not present, not present in material amounts or presented within the consolidated financial statements or notes thereto.)

(3) **Exhibits:** See the exhibit listing set forth below.

Exhibit	Description
2.1	Agreement and Plan of Merger, dated as of June 15, 2016, by and among by and among Envision Healthcare Holdings, Inc., AmSurg Corp., and New Amethyst Corp. (incorporated by reference to Annex A of the Company's Registration Statement on Form S-4 initially filed on August 4, 2016).
2.2	Agreement and Plan of Merger, dated as of July 30, 2015, by and among AMR HoldCo, Inc., Ranch Merger Sub, Inc., WP Rocket Holdings, Inc. and Fortis Advisors LLC, solely in its capacity as initial holder representative (incorporated by reference to Exhibit 2.1 to Envision Healthcare Holdings, Inc.'s Current Report on Form 8--K, dated July 30, 2015).
2.3	Stock Purchase Agreement, dated as of August 7, 2017, by and among Air Medical Group Holdings, Inc., Emergency Medical Services LP Corporation, AMR Holdco, Inc. and, for certain purposes of the Agreement, Envision Healthcare Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated August 10, 2017).
3.1	Second Amended and Restated Certificate of Incorporation of the Company (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 7, 2016).
3.2	Second Amended and Restated By-laws of Envision Healthcare Corporation as of October 31, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated October 31, 2017.
4.1	Indenture, dated as of December 1, 2016, by and between the Company and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.2	First Supplemental Indenture, dated as of December 1, 2016, by and between the Company and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.3	Second Supplemental Indenture, dated as of December 1, 2016, by and among the Company, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.4	Indenture, dated as of June 18, 2014, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.1 to Envision Healthcare Holdings, Inc.'s Form 8-K, dated June 19, 2014).
4.5	First Supplemental Indenture, dated as of June 18, 2014, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto, and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.2 to Envision Healthcare Holdings, Inc.'s Form 8-K, dated June 19, 2014).
4.6	Second Supplemental Indenture, dated as of September 10, 2014, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Envision Healthcare Holdings, Inc.'s Form 10-Q for the quarter ended September 30, 2014).
4.7	Third Supplemental Indenture, dated as of May 4, 2015, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Envision Healthcare Holdings, Inc.'s Form 10-Q for the quarter ended June 30, 2015).
4.8	Fourth Supplemental Indenture, dated as of November 23, 2015, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Envision Healthcare Holdings, Inc.'s Form 10-K for the year ended December 31, 2015).

Appendix C

Exhibit	Description
4.9	Fifth Supplemental Indenture, dated as of January 25, 2016, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Envision Healthcare Holdings, Inc.'s Form 10-Q for the quarter ended March 31, 2016).
4.10	Sixth Supplemental Indenture, dated as of November 30, 2016, by and among the former Envision Healthcare Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.10 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.11	Seventh Supplemental Indenture, dated as of December 1, 2016, by and among Envision Healthcare Intermediate Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.11 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.12	Eighth Supplemental Indenture, dated as of December 1, 2016, by and among Envision Healthcare Holdings, Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.12 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.13	Ninth Supplemental Indenture, dated as of December 1, 2016, by and among the Company, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.13 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.14	Indenture, dated as of July 16, 2014, by and among AmSurg Escrow Corp., the subsidiary guarantors listed therein and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to AmSurg Corp.'s Current Report on Form 8-K, dated July 22, 2014).
4.15	First Supplemental Indenture, dated as of July 16, 2014, by and between AmSurg Corp. and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 to AmSurg Corp.'s Current Report on Form 8-K, dated July 22, 2014).
4.16	Supplemental Indenture, dated as of July 16, 2014, by and among AmSurg Corp., the Subsidiary Guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to AmSurg Corp.'s Current Report on Form 8-K, dated July 22, 2014).
4.17	Supplemental Indenture, dated as of August 17, 2016, among AmSurg Corp., the subsidiary guarantors identified therein and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to AmSurg Corp.'s Current Report on Form 8-K filed on August 18, 2016).
4.18	Supplemental Indenture, dated as of December 1, 2016, by and among AmSurg Corp., the Subsidiary Guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.17 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.19	Supplemental Indenture, dated as of December 1, 2016, by and among the Company, the Subsidiary Guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.18 to the Company's Current Report on Form 8-K filed on December 7, 2016).
4.20	Supplemental Indenture, dated as of December 1, 2016, by and among the Company, the Subsidiary Guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.19 to the Company's Current Report on Form 8-K filed on December 7, 2016).
10.1	Term Loan Credit Agreement, dated May 25, 2011, by and among CDRT Merger Sub, Inc., Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and several lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the former Envision Healthcare Corporation's Current Report on Form 8-K, dated June 1, 2011).

Appendix C

Exhibit	Description
10.2	First Amendment, dated February 7, 2013, to the Term Loan Credit Agreement, dated May 25, 2011, by and among CDRT Merger Sub, Inc., Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and several lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the former Envision Healthcare Corporation's Current Report on Form 8-K, dated February 13, 2013).
10.3	Second Amendment, dated October 28, 2015, to the Term Loan Credit Agreement, dated May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and several lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to Envision Healthcare Holdings, Inc.'s Form 8-K, dated October 30, 2015).
10.4	Third Amendment, dated November 12, 2015, to the Term Loan Credit Agreement, dated May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and several lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to Envision Healthcare Holdings, Inc.'s Form 8-K, dated November 16, 2015).
10.5	Fourth Amendment, dated November 12, 2015, to the Term Loan Credit Agreement, dated May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and several lenders from time to time party thereto (incorporated by reference to Exhibit 10.2 to Envision Healthcare Holdings, Inc.'s Form 8-K, dated November 16, 2015).
10.6	Fifth Amendment, dated as of January 26, 2016, to the Term Loan Credit Agreement, dated as of May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the several lenders from time to time party thereto (incorporated by reference to Envision Healthcare Holdings, Inc.'s Form 10-Q for the quarter ended March 31, 2016).
10.7	Sixth Amendment, dated as of July 25, 2016, to the Term Loan Credit Agreement, dated as of May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the several lenders from time to time party thereto (incorporated by reference to Envision Healthcare Holdings, Inc.'s Form 10-Q for the quarter ended September 30, 2016 filed with the SEC on November 3, 2016).
10.8	Seventh Amendment, dated as of December 1, 2016, to the Term Loan Credit Agreement, dated as of May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as existing administrative agent and existing collateral agent and JPMorgan Chase Bank, N.A., as administrative agent under the Restated Credit Agreement and as collateral agent under the Restated Credit Agreement, and the several lenders from time to time party thereto (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on December 7, 2016).
10.9	ABL Credit Agreement, dated as of May 25, 2011, by and among CDRT Merger Sub, Inc., Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and several lenders from time to time party thereto (incorporated by reference to Exhibit 10.3 to the former Envision Healthcare Corporation's Current Report on Form 8-K, dated June 1, 2011).
10.10	First Amendment, dated as of February 27, 2013, to the ABL Credit Agreement, dated as of May 25, 2011, by and among Emergency Medical Services Corporation, Deutsche Bank AG New York Branch, as an issuing lender, swingline lender, administrative agent and collateral agent, and the several lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the former Envision Healthcare Corporation's Current Report on Form 8-K, dated February 27, 2013).
10.11	Second Amendment, dated as of February 6, 2015, among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as administrative agent and an additional lender, and Barclays Bank PLC, as additional lender (incorporated by reference to the Envision Healthcare Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015).

Appendix C

Exhibit		Description
10.12		Third Amendment, dated as of December 1, 2016, to the ABL Credit Agreement, dated as of May 25, 2011, by and among the former Envision Healthcare Corporation, Deutsche Bank AG New York Branch, as swingline lender, as an issuing lender, as administrative agent for the lenders and as collateral agent for the Secured Parties and JPMorgan Chase Bank, N.A., as co-collateral agent under the Restated Credit Agreement, and the several lenders from time to time party thereto (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on December 7, 2016).
10.13	*	Increase Supplement, dated as of June 23, 2017, by and among the Company, the increasing lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and each of the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated June 27, 2017).
10.14		Form of Indemnification Agreement with the Company's directors (incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on December 7, 2016).
10.15	*	Severance and Retention Plan for Senior Management (incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K filed on December 7, 2016).
10.16	*	Amended and Restated AmSurg Corp. 2014 Equity and Incentive Plan (incorporated by reference to Exhibit 10.1 to AmSurg Corp.'s Current Report on Form 8-K filed on May 27, 2016).
10.17	*	AmSurg Corp. Form of Restricted Stock Award Agreement for 2014 Equity and Incentive Plan (incorporated by reference to Exhibit 10.4 to AmSurg Corp.'s Quarterly Report on Form 10--Q for the quarter ended June 30, 2014).
10.18	*	AmSurg Corp. Form of Performance Share Unit Award Agreement for 2014 Equity and Incentive Plan (incorporated by reference to Exhibit 10.1 to AmSurg Corp.'s Current Report on Form 8--K dated February 9, 2015).
10.19	*	AmSurg Corp. 2006 Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.2 to AmSurg Corp.'s Current Report on Form 8-K filed on November 22, 2013).
10.20	*	Amended and Restated AmSurg Corp. Supplemental Executive & Director Retirement Savings Plan (incorporated by reference to Exhibit 10.1 to AmSurg Corp.'s Current Report on Form 8--K dated January 6, 2012).
10.21	*	AmSurg Corp. Form of Restricted Share Award Agreement for Non--Employee Directors for 2006 Incentive Plan (incorporated by reference to Exhibit 99.3 to AmSurg Corp.'s Current Report on Form 8--K, dated February 21, 2007).
10.22	*	AmSurg Corp. Form of Non-Qualified Stock Option Agreement for Executive Officers – 2006 Incentive Plan (incorporated by reference to Exhibit 99.1 to AmSurg Corp.'s Current Report on Form 8--K, dated February 21, 2007).
10.23	*	AmSurg Corp. Form of Restricted Share Award for Employees for 2006 Incentive Plan (incorporated by reference to Exhibit 10.2 to AmSurg Corp.'s Current Report on Form 8--K, dated May 26, 2010).
10.24	*	AmSurg Corp. Long-Term Care Plan (incorporated by reference to Exhibit 10.2 to AmSurg Corp.'s Quarterly Report on Form 10--Q for the quarter ended June 30, 2005).
10.25	*	EMSC Deferred Compensation Plan (incorporated by reference to Exhibit 4.1 of Envision Healthcare Holdings, Inc.'s Registration Statement on Form S-8 filed June 24, 2010).
10.26	*	Form of Option Agreement (Rollover Options) for CDRT Stock Plan (incorporated by reference to Exhibit 10.17 to Emergency Medical Services Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).

Appendix C

Exhibit		Description
10.27	*	Form of Option Agreement (Matching and Position Options) for CDRT Stock Plan (incorporated by reference to Exhibit 10.18 to Emergency Medical Services Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).
10.28	*	Form of Rollover Agreement for CDRT Stock Plan (incorporated by reference to Exhibit 10.19 to Emergency Medical Services Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).
10.29	*	Envision Healthcare Holdings, Inc.'s 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.35 to Envision Healthcare Holdings, Inc.'s Registration Statement on Form S-1/A (No. 333-189292), filed July 31, 2013).
10.30	*	Amended and Restated CDRT Holding Corporation Stock Incentive Plan (Incorporated by reference to Exhibit 99.2 to Envision Healthcare Holdings, Inc.'s Registration Statement on Form S-8 (No. 333-190696), filed August 16, 2013).
10.31	*	Amendment to the Amended and Restated CDRT Holding Corporation Stock Incentive Plan (Incorporated by reference to Exhibit 99.3 to Envision Healthcare Holdings, Inc.'s Registration Statement on Form S-8 (No. 333-190696), filed August 16, 2013).
10.32	*	Form of Employee Stock Option Agreement for 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.5 to Envision Healthcare Holdings, Inc.'s Registration Statement on Form S-8 (No. 333-190696), filed August 16, 2013).
10.33	*	Envision Healthcare Holdings, Inc. Senior Executive Bonus Plan, as amended and restated on March 26, 2014 (incorporated by reference to Annex A to Envision Healthcare Holdings, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 28, 2014).
10.34	*	Form of Employee Stock Option Agreement for 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to Envision Healthcare Holdings. Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014).
10.35	*	Form of Employee Restricted Stock Unit Agreement for 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to Envision Healthcare Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014).
10.36	*	Form of Director Restricted Stock Unit Agreement for 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to Envision Healthcare Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014).
10.37	*	Form of Performance Share Unit Award Agreement (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K filed with the SEC on March 1, 2017)
10.38	*	Form of Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K filed with the SEC on March 1, 2017)
10.39	*	First Amendment to Envision Healthcare Holdings, Inc. 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 filed with the Company's Current Report on Form 8-K filed with the SEC on March 1, 2017).
10.40	*	First Amendment to Amended and Restated AmSurg Corp. 2014 Equity and Incentive Plan (incorporated by reference to Exhibit 10.4 filed with the Company's Current Report on Form 8-K filed with the SEC on March 1, 2017).
10.41	*	Second Amended and Restated Employment Agreement, dated November 21, 2013, between AmSurg Corp. and Christopher A. Holden (incorporated by reference to Exhibit 10.1 to AmSurg Corp.'s Current Report on Form 8--K, dated November 22, 2013).

Exhibit		Description
10.42	*	Third Amended and Restated Employment Agreement, dated January 30, 2014, between AmSurg Corp. and Claire M. Gulmi (incorporated by reference to Exhibit 10.2 to AmSurg Corp.'s Current Report on Form 8--K, dated February 4, 2014).
10.43	*	Employment Agreement dated, July 16, 2014, between the AmSurg Corp. and Robert Coward (incorporated by reference to Exhibit 10.2 to AmSurg Corp.'s Quarterly Report on Form 10--Q for the quarter ended March 31, 2015).
10.44	*	Amended and Restated Employment Agreement, dated as of December 1, 2016, by and between Envision Healthcare Holdings, Inc.'s and William A. Sanger (incorporated by reference to Exhibit 10.15 to Envision Healthcare Holdings, Inc.'s Current Report on Form 8-K filed on December 7, 2016).
10.45	*	Employment Agreement, dated as of February 10, 2005, between Randel G. Owen and Emergency Medical Services L.P., and assignment to Emergency Medical Services Corporation (incorporated by reference to Exhibit 10.3 to Emergency Medical Services Corporation's Registration Statement on Form S-1 filed August 2, 2005).
10.46	*	Amendment to Employment Agreement, dated January 1, 2009, between Randel G. Owen and Emergency Medical Services Corporation (incorporated by reference to Exhibit 10.3.1 to Emergency Medical Services Corporation's Annual Report on Form 10-K for the year ended December 31, 2009).
10.47	*	Amendment to Employment Agreement, dated March 12, 2009, between Randel G. Owen and Emergency Medical Services Corporation (incorporated by reference to Exhibit 10.3.1 to Emergency Medical Services Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009).
10.48	*	Amendment to Employment Agreement, dated May 18, 2010, between Randel G. Owen and Emergency Medical Services Corporation (incorporated by reference to Exhibit 10.3.3 to Emergency Medical Services Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).
10.49	*	Letter agreement, dated May 25, 2011, between Randel G. Owen and CDRT Holding Corporation (incorporated by reference to Exhibit 10.13 to Emergency Medical Services Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).
10.50	*	Second Amended and Restated Employment Agreement, dated October 1, 2017, between the Company and Kevin D. Eastridge.
10.51	*	Employment Agreement, dated July 1, 2014, between Sheridan Healthcare, Inc. and Patrick B. Solomon.
10.52	*	Employment Agreement, dated February 28, 2018, between the Company and Craig A. Wilson.
10.53	*	Schedule of Non-employee Director Compensation.
10.54		Corporate Integrity Agreement, entered into December 19, 2017, by and among the Office of the Inspector General of the Department of Health and Human Services and the Company (incorporated by reference to the Company's Current Report on Form 8-K, dated December 19, 2017).
12.1		Statement of Computation of Ratios of Earnings to Fixed Charges.
21.1		Subsidiaries of the Company.
23.1		Consent of Independent Registered Public Accounting Firm.
24.1		Power of Attorney (included in the signature page hereto).

Appendix C

Exhibit	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T; (i) the Consolidated Balance Sheets at December 31, 2017 and December 31, 2016, (ii) the Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2017, 2016 and 2015, (iii) the Consolidated Statements of Changes in Equity for the years ended December 31, 2017, 2016 and 2015, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015, and (vi) the Notes to the Consolidated Financial Statements for the years ended December 31, 2017, 2016 and 2015.

* Management contract or compensatory plan, contract or arrangement

Appendix C

Item 16. Form 10-K Summary: Not applicable.

Signatures

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

Envision Healthcare Corporation

Date: March 1, 2018

By: /s/ Christopher A. Holden
Christopher A. Holden
(President and Chief Executive Officer)

Appendix C

KNOW ALL MEN BY THESE PRESENTS, each person whose signature appears below hereby constitutes and appoints Christopher A. Holden and Kevin D. Eastridge, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this report, and to file the same with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Christopher A. Holden Christopher A. Holden	President, Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2018
/s/ Kevin D. Eastridge Kevin D. Eastridge	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2018
/s/ William A. Sanger William A. Sanger	Chairman and Director	March 1, 2018
/s/ Carol J. Burt Carol J. Burt	Director	March 1, 2018
/s/ James A. Deal James A. Deal	Director	March 1, 2018
/s/ John T. Gawaluck John T. Gawaluck	Director	March 1, 2018
/s/ Steven I. Geringer Steven I. Geringer	Director	March 1, 2018
/s/ Joey A. Jacobs Joey A. Jacobs	Director	March 1, 2018
/s/ Kevin P. Lavender Kevin P. Lavender	Director	March 1, 2018
/s/ Cynthia S. Miller Cynthia S. Miller	Director	March 1, 2018
/s/ Leonard M. Riggs, M.D. Leonard M. Riggs, M.D.	Director	March 1, 2018
/s/ James D. Shelton James D. Shelton	Director	March 1, 2018
/s/ Michael L. Smith Michael L. Smith	Director	March 1, 2018

Appendix C

BARNES & THORNBURG LLP

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Partner
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daniel.lawler@btlaw.com

June 29, 2018

VIA HAND DELIVERY

RECEIVED

LONG TERM CARE
QUALITY ASSURANCE

Courtney R. Avery
Administrator
Illinois Health Facilities and Services
Review Board
525 West Jefferson Street
2nd Floor
Springfield, IL 62761

Re: Change of Ownership Exemptions Application:

(1) Oak Lawn Endoscopy Center, Oak Lawn
(2) North Shore Endoscopy Center, Lake Bluff
(3) Glen Endoscopy Center, Glenview

Dear Ms. Avery:

Enclosed please find change of ownership exemption applications for the above three facilities and three checks in the amount of $2,500 payable to the Illinois Department of Public Health for the application fee for each facility. As noted in the applications, each facility is 51% owned by AmSurg Holdings, Inc. whose ultimate parent, Envision Healthcare Corporation is involved in a proposed merger transaction as described in the application.

As noted in the exemption applications, the proposed transaction will not change operational control of any of the ambulatory surgical treatment centers because board action for each ASTC requires a majority vote, and the board of each facility consists of a 50% representation from AmSurg Holdings, Inc. and 50% representation by investing physicians. Consequently, AmSurg Holdings, Inc. cannot independently control board action apart from the participating physicians. These three exemption applications are being submitted because AmSurg Holdings, Inc. has a 51% ownership interest in each ASTC.

Very truly yours,

BARNES & THORNBURG LLP

Daniel J. Lawler

cc: Mary Beth Fortugno, Bass, Berry & Sims PLC