

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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**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, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-12111

MEDNAX, INC.

(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction
of incorporation or organization)

1301 Concord Terrace, Sunrise, Florida
(Address of principal executive offices)

26-3667538
(I.R.S. Employer
Identification No.)

33323
(Zip Code)

Registrant's telephone number, including area code (954) 384-0175

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

Title of Each Class

Common Stock, par value \$.01 per share

Name of Each Exchange on Which Registered

New York Stock Exchange

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 No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Exchange Act. Yes No

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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, a 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.

Large accelerated filer Accelerated filer Non-accelerated filer 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 by Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of shares of Common Stock of the registrant held by non-affiliates of the registrant on June 30, 2018, the last business day of the registrant's most recently completed second fiscal quarter, was \$3,943,237,534 based on a \$43.28 closing price per share as reported on the New York Stock Exchange composite transactions list on such date.

The number of shares of Common Stock of the registrant outstanding on February 7, 2019 was 87,920,463.

DOCUMENTS INCORPORATED BY REFERENCE:

The registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, with respect to the 2019 Annual Meeting of Shareholders is incorporated by reference in Part III of this Form 10-K to the extent stated herein. Except with respect to information specifically incorporated by reference in the Form 10-K, each document incorporated by reference herein is deemed not to be filed as part hereof.

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For the Year Ended December 31, 2018

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FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this Form 10-K may be deemed to be “forward-looking statements” which may include, but are not limited to, statements relating to our objectives, plans and strategies, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate 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 our 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 Form 10-K are made as of the date hereof, and we undertake 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 and are subject to risks and uncertainties. Important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements are described in this Form 10-K, including the risks set forth under “Risk Factors” in Item 1A.

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As used in this Form 10-K, unless the context otherwise requires, the terms “MEDNAX,” the “Company,” “we,” “us” and “our” refer to the parent company, MEDNAX, Inc., a Florida corporation, and the consolidated subsidiaries through which its businesses are actually conducted (collectively, “MDX”), together with MDX’s affiliated business corporations or professional associations, professional corporations, limited liability companies and partnerships (“affiliated professional contractors”). Certain subsidiaries of MDX have contracts with our affiliated professional contractors, which are separate legal entities that provide physician services in certain states and Puerto Rico.

PART I

ITEM 1. BUSINESS

OVERVIEW

MEDNAX is a leading provider of physician services including newborn, anesthesia, maternal-fetal, radiology and teleradiology, pediatric cardiology and other pediatric subspecialty care. At December 31, 2018, our national network comprised over 4,210 affiliated physicians, including 1,270 physicians who provide neonatal clinical care, primarily within hospital-based neonatal intensive care units (“NICUs”), to babies born prematurely or with medical complications. We have 1,315 affiliated physicians who provide anesthesia care to patients in connection with surgical and other procedures, as well as pain management. In addition, we have 365 affiliated physicians who provide maternal-fetal and obstetrical medical care to expectant mothers experiencing complicated pregnancies primarily in areas where our affiliated neonatal physicians practice. Our network also includes other pediatric subspecialists, including 190 physicians providing pediatric intensive care, 110 physicians providing pediatric cardiology care, 140 physicians providing hospital-based pediatric care, 25 physicians providing pediatric surgical care, and 10 physicians providing pediatric ear, nose and throat and pediatric ophthalmology services.

MEDNAX also provides radiology services through a network of over 355 affiliated physicians, as well as teleradiology services through a network of 430 affiliated physicians. In addition to our national physician network, we provide services to healthcare facilities and physicians, including ours, through complementary businesses, consisting of a management services organization focusing on full-service revenue cycle management and a consulting services company.

MEDNAX, Inc. was incorporated in Florida in 2007 and is the successor to Pediatrix Medical Group, Inc., which was incorporated in Florida in 1979. Our principal executive offices are located at 1301 Concord Terrace, Sunrise, Florida 33323 and our telephone number is (954) 384-0175.

OUR PHYSICIAN SPECIALTIES AND SERVICES

The following discussion describes our physician specialties and the care that we provide:

Neonatal Care

We provide clinical care to babies born prematurely or with complications within specific units at hospitals, primarily NICUs, through our network of affiliated neonatal physician subspecialists (“neonatologists”), neonatal nurse practitioners and other pediatric clinicians who staff and manage clinical activities at more than 400 NICUs in 36 states and Puerto Rico. Neonatologists are board-certified, or eligible-to-apply-for-certification, physicians who have extensive education and training for the care of babies born prematurely or with complications that require complex medical treatment. Neonatal nurse practitioners are registered nurses who have advanced training and education in assessing and treating the healthcare needs of newborns and infants as well as managing the needs of their families.

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We partner with our hospital clients in an effort to enhance the quality of care delivered to premature and sick babies. Some of the nation's largest and most prestigious hospitals, including both not-for-profit and for-profit institutions, retain us to staff and manage their NICUs. Our affiliated neonatologists generally provide 24-hours-a-day, seven-days-a-week coverage in NICUs, support the local referring physician community and are available for consultation in other hospital departments. Our hospital partners benefit from our experience in managing complex intensive care units. Our neonatal physicians interact with colleagues across the country through an internal communications system to draw upon their collective expertise in managing challenging patient-care issues. Our neonatal physicians also work collaboratively with maternal-fetal medicine subspecialists to coordinate the care of mothers experiencing complicated pregnancies and their fetuses.

Anesthesia and Anesthesia Subspecialty Care

We provide anesthesia care at over 150 hospitals, 155 ambulatory surgery centers and office-based practices across 15 states. Following the "care team" model, our affiliated anesthesiologists work with both practice and hospital-employed certified registered nurse anesthetists ("CRNAs"), anesthesiologist assistants ("AAs") and other clinicians to provide high quality, cost efficient and service-oriented anesthesia care to our patients. Our anesthesiologists are board-certified, or eligible-to-apply-for-certification, physicians who are responsible for administering anesthesia to relieve pain and for managing vital life functions during surgery, including breathing, heart rhythm and blood pressure.

As an integral part of the surgical team, our affiliated anesthesiologists support the surgeons by providing medical care before, during and after surgery so that surgeons may concentrate on the surgical procedure. Our affiliated anesthesiologists provide this care by evaluating the patient and consulting with the surgical team before surgery, providing pain control and support of life functions during surgery, supervising care after surgery by maintaining the patient in a comfortable state during recovery and discharging the patient from the post-anesthesia care unit. They also support other departments within the hospital such as labor and delivery, imaging and the hospital's emergency room. In addition to their board certification in anesthesiology, many of our affiliated anesthesiologists have completed fellowships in subspecialties such as obstetrical, critical care, cardiac and pediatric anesthesia.

Pain Management

We also provide acute and chronic pain management services in over 30 pain management centers through our network of affiliated physicians and physician assistants. Our affiliated physicians are board-certified in anesthesiology or neurology and board-certified, or eligible-to-apply-for-certification, in pain medicine. This advanced training and education expands treatment options available for both acute and chronic pain sufferers. The physicians develop treatment plans specific to the patients' individual needs that include interventional techniques such as trigger point and facet injections, pain pumps, nerve stimulators, radiofrequency ablation and catheters, as well as medication management.

Maternal-Fetal Care

We provide inpatient and office-based clinical care to expectant mothers and their unborn babies through our affiliated maternal-fetal medicine subspecialists as well as obstetricians and other clinicians, such as maternal-fetal nurse practitioners, certified nurse mid-wives, ultrasonographers and genetic counselors. Maternal-fetal medicine subspecialists are board-certified, or eligible-to-apply-for-certification, obstetricians who have extensive education and training for the treatment of high-risk expectant mothers and their fetuses. Our affiliated maternal-fetal medicine subspecialists practice primarily in metropolitan areas where we have affiliated neonatologists to provide coordinated care for women with complicated pregnancies whose babies are often admitted to a NICU upon delivery. We believe continuity of treatment from mother and developing fetus during the pregnancy to the newborn upon delivery has improved the clinical outcomes of our patients.

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Pediatric Cardiology Care

We provide inpatient and office-based pediatric cardiology care of the fetus, infant, child and adolescent patient with congenital heart defects and acquired heart disease, as well as adults with congenital heart defects through our affiliated pediatric cardiologist subspecialists and other related clinical professionals such as pediatric nurse practitioners, echocardiographers, other diagnostic technicians, and exercise physiologists. Pediatric cardiologists are board-certified, or eligible-to-apply for certification, pediatricians who have additional education and training in congenital heart defects and pediatric acquired heart disorders.

We provide specialized cardiac care to the fetus, neonatal and pediatric patients with congenital and acquired heart disorders, as well as adults with congenital heart defects, through scheduled office visits, hospital rounds and immediate consultation in emergency situations. Our affiliated pediatric cardiologists work collaboratively with neonatologists and maternal-fetal medicine subspecialists to provide a coordinated continuum of care.

Other Pediatric Subspecialty Care

Our network includes other pediatric subspecialists such as pediatric intensivists, pediatric hospitalists, pediatric surgeons and pediatric ear, nose and throat physicians. In addition, our affiliated physicians seek to provide support services in other areas of hospitals, particularly in the pediatric emergency room, labor and delivery area, and nursery and pediatric departments, where immediate accessibility to specialized care may be critical.

Pediatric Intensive Care. Pediatric intensivists are hospital-based pediatricians with additional education and training in caring for critically ill or injured children and adolescents. Our affiliated physicians who provide this clinical care staff and manage pediatric intensive care units (“PICUs”) at approximately 65 hospitals.

Pediatric Hospitalists. Pediatric hospitalists are hospital-based pediatricians specializing in inpatient care and management of acutely ill children. Our affiliated hospital-based physicians provide this inpatient pediatric and newborn care in PICUs, NICUs and pediatric emergency rooms at approximately 45 hospitals.

Pediatric Surgery. Pediatric surgeons provide specialized care for patients ranging from newborns to adolescents, for all problems or conditions that require surgical intervention, and often have particular expertise in the areas of neonatal, prenatal, trauma, and pediatric oncology. Our affiliated physicians in this subspecialty include pediatric urologists, pediatric plastic and craniofacial surgeons and general and thoracic pediatric surgeons. Areas of particular expertise include management of neonatal and congenital anomalies, prenatal counseling, trauma management, pediatric oncology, gastrointestinal surgery, as well as common pediatric surgical conditions.

Other Newborn and Pediatric Care. Because our affiliated physicians and advanced nurse practitioners generally provide hospital-based coverage, they are situated to provide highly specialized care to address medical needs that may arise during a baby’s hospitalization. For example, as part of our ongoing efforts to support and partner with hospitals and the local referring physician community, our affiliated neonatologists, pediatric hospitalists and advanced nurse practitioners provide in-hospital nursery care to newborns through our newborn nursery program. This program is made available for babies during their hospital stay, which in the case of healthy babies typically consists of evaluation and observation, following which they are referred, and their hospital records are provided, to their pediatricians or family practitioners for follow-up care.

Newborn Hearing Screening Program. Our affiliated physicians also oversee our newborn hearing screening program. Since we launched this program in 1994, we believe that we have become the largest provider of newborn hearing screening services in the United States. In 2018, we screened over 865,000 babies for potential hearing loss at 450 hospitals across the nation. Over 40 states either require newborns to be screened

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for potential hearing loss before being discharged from the hospital or require that parents be offered the opportunity to submit their newborns to hearing screens. We contract or coordinate with hospitals to provide newborn hearing screening services.

Radiology and Teleradiology

Radiology. We provide radiology services including diagnostic imaging, interventional radiology, women’s imaging, cardiac imaging and nuclear medicine, among others, through a network of over 355 affiliated physicians. We believe that we bring a unique value proposition to radiology physician groups, in that we can provide practice management support and a technology platform enabling radiology to be practiced at a national level, as well as teleradiology capabilities that can enhance their efficiency, provide subspecialty access and help them to grow strategically and remain competitive while meeting the demands of their hospital partners, third-party payors and regulatory bodies. In addition, we believe that radiology physicians in a group practice can complement the staffing needs for our teleradiology services business during certain times, such as nights and weekends, when they are not providing services at their practices.

We recently launched two programs: the MEDNAX Radiology Artificial Intelligence Incubator (“AI Incubator”) and the MEDNAX Radiology Centers of Excellence (“Centers of Excellence”). We expect the AI Incubator program to bring together radiologists, a rich and diverse clinical dataset, and a growing ecosystem of partners to build future tools for radiology with the primary goal of improving patient care. Through a strong partnership between clinical and technical leadership as well as a key group of external partners with shared goals, the program aims to improve the overall quality of patient care by increasing radiologists’ accuracy and efficiency, ultimately impacting patient outcomes. The Centers of Excellence program is designed to provide added value to our hospital partners and patients alike, including continuous access to radiologist subspecialty expertise, world-class information technology and quality metrics for patient safety.

Teleradiology. Teleradiology represents a component of the broader radiology industry whereby radiographic images are transmitted from one location to another for interpretation. Through our vRad business, we provide teleradiology services to approximately 2,100 client hospitals, health systems and radiology groups across all 50 states, the District of Columbia and Puerto Rico. With over 430 U.S. board-certified and eligible radiologists currently reading images in the network, the majority of whom are subspecialty trained, we are able to interpret over 6 million patient studies annually and process over 2 billion images on what we believe is the world’s largest and most advanced telemedicine platform, which is covered by more than 18 patents. This telemedicine platform enables referring physicians to quickly and securely pass patient imaging and information to radiologists, improving the speed, accuracy and cost of clinical diagnoses.

We have also invested heavily in cloud-based technology to develop our radiology workflow system that supports the distribution, prioritization and completion of imaging studies. Each component of our radiology workflow system, from our submittal process, to our post-diagnostic analytics and benchmarking capabilities, provides evidence-based insight to help clients make better decisions for the health of patients and their practice of radiology. Our radiology workflow system allows for real-time personal connections between our radiologists and our hospital, health system and radiology group partners.

We believe that teleradiology services are poised for growth and that there are numerous opportunities for cross-selling vRad’s services within MEDNAX’s existing customer base. We believe that teleradiology will play a significant role in the practice of radiology in the future. Our teleradiology business has continued to identify opportunities throughout the country for our radiology physician group practices to expand their presence, and we believe this is becoming a key differentiator as we continue building a broader radiology business.

Management Services Organization

In addition to our national physician network, we provide services nationwide to healthcare facilities and physicians, including ours, through complementary businesses, consisting of a management services organization

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that offers full-service revenue cycle management solutions and innovative technology used for patient/physician connectivity as well as a consulting services company. Our management services organization provides a suite of solutions including a range of patient access and communications, full-service revenue cycle management, consulting and analytics services, billing and coding, patient responsibility, eligibility and disability, complex accounts receivable services such as workers' compensation, out-of-state Medicaid eligibility and more, and mobile-first engagement and communication software for patients and providers. Our solutions are designed to engage patients, empower physicians and hospitals and other healthcare providers and improve financial outcomes throughout the entire healthcare continuum. We provide these services at more than 2,600 hospitals and other healthcare providers nationwide. In November 2018, we announced the initiation of a process to potentially divest our management services organization to allow us to focus our organization on our core physician services business. However, there can be no assurance that this process will result in a transaction, and we may decide to retain all or part of the management services organization.

Consulting Services

Our perioperative consulting company is comprised of a collaborative team of anesthesiologists, operating room nurse executives and perioperative business strategists who develop and provide solutions to optimize the performance, resources and capacity within hospital operating rooms and across the care continuum. Our services include strategic assessments and transformations, central sterile redesign, physician engagement and governance, and staffing/workforce support. With our peer-to-peer consulting model, we partner with our clients to deliver sustainable and actionable results with the goal of streamlining patient throughput, enhancing anesthesia service levels, increasing surgeon and patient satisfaction, decreasing costs and implementing strategic perioperative growth plans to hospitals and health systems.

Clinical Research, Education, Quality and Safety

As part of our ongoing commitment to improving patient care through evidence-based medicine, we also conduct clinical research, monitor clinical outcomes and implement clinical quality initiatives with a view to improving patient outcomes, shortening the length of hospital stays and reducing long-term health system costs. Our physician-centric approach to clinical research and continuous quality improvement has demonstrated improvements in clinical outcomes, while reducing the costs of care associated with complications as well as variability in protocols. We provide extensive continuing medical education and continuing nursing education to our affiliated clinicians in an effort to ensure that they have access to current treatment methodologies, national best practices and evidence-based guidelines. We believe that referring and collaborating physicians, hospitals, third-party payors and patients all benefit from our clinical research, education, quality and safety initiatives.

DEMAND FOR OUR SERVICES

Hospital-Based Care. Hospitals generally must provide cost-effective, quality care in order to enhance their reputations within their communities and desirability to patients, referring and collaborating physicians and third-party payors. In an effort to improve outcomes and manage costs, hospitals typically employ or contract with physician specialists to provide specialized care in many hospital-based units or settings. Hospitals traditionally staff these units or settings through affiliations with local physician groups or independent practitioners. However, management of these units and settings presents significant operational challenges, including variable admissions rates, increased operating costs, complex reimbursement systems and other administrative burdens. As a result, some hospitals choose to contract with physician organizations that have the clinical quality initiatives, information and reimbursement systems and management expertise required to effectively and efficiently operate these units and settings in the current healthcare environment. Demand for hospital-based physician services, including neonatology and anesthesiology, is determined by a national market in which qualified physicians with advanced training compete for hospital contracts.

Neonatal Medicine. Of the approximately 3.9 million births in the United States annually, we estimate that approximately 14% require NICU admission. Numerous institutions conduct research to identify potential causes

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of premature birth and medical complications that often require NICU admission. Some common contributing factors include the presence of hypertension or diabetes in the mother, lack of prenatal care, complications during pregnancy, drug and alcohol abuse and smoking or poor nutritional habits during pregnancy. Babies admitted to NICUs typically have an illness or condition that requires the care of a neonatologist. Babies who are born prematurely or have a low birth weight often require neonatal intensive care services because of an increased risk for medical complications. We believe obstetricians generally prefer to perform deliveries at hospitals that provide a full complement of labor and delivery services, including a NICU staffed by board-certified, or eligible-to-apply-for-certification, neonatologists. Because obstetrics is a significant source of hospital admissions, hospital administrators have responded to these demands by establishing NICUs and contracting with independent neonatology group practices, such as our affiliated professional contractors, to staff and manage these units. As a result, NICUs within the United States tend to be concentrated in hospitals with higher volumes of births. There are approximately 5,600 board-certified neonatologists in the United States.

Anesthesia Medicine. An estimated 50 million inpatient procedures and 35 million ambulatory procedures are performed annually in the United States. Anesthesiologists generally provide or participate in the administration of anesthetics in these procedures. According to the U.S. Census Bureau, the U.S. population continues to expand and the fastest-growing segment of the population consists of individuals over the age of 65. The growth in population and, in particular the age 65 or greater segment, has resulted in an increase in demand for surgical services and a correlating increase in demand for anesthesia services. The growth of ambulatory surgical centers and expansion of office-based procedures has also contributed to the demand for anesthesia providers. There are approximately 51,000 board certified/eligible anesthesiologists in the United States.

Pain Management. According to the American Academy of Pain Medicine, more than 75 million people suffer from pain and 15% of those who suffer from pain will consult with a pain specialist. As the population ages, we believe that the number of people suffering from acute or chronic pain will continue to increase. Lifestyle also plays an important part in the demand for pain management services. We believe that the combination of the growing population of people who suffer from pain, the lifestyle expectations of this population and the ability for patients to seek out a pain specialist without having to be referred by a physician will increase the demand for pain management services.

Maternal-Fetal Medicine. Expectant mothers with pregnancy complications often seek or are referred by their obstetricians to maternal-fetal medicine subspecialists. These subspecialists provide inpatient and office-based care to women with conditions such as diabetes, heart disease, hypertension, multiple gestation, recurrent miscarriage, family history of genetic diseases, suspected fetal birth defects and other complications during their pregnancies. We believe that improved maternal-fetal care has a positive impact on neonatal outcomes. Data on neonatal outcomes demonstrates that, in general, the likelihood of mortality or an adverse condition or outcome (referred to as “morbidity”) is reduced the longer a baby remains in the womb. There are approximately 2,500 board-certified maternal-fetal medicine subspecialists in the United States.

Pediatric Cardiology Medicine. Pediatric cardiologists provide inpatient and office-based cardiology care of the fetus, infant, child, and adolescent with congenital heart defects and acquired heart disease, as well as providing care to adults with congenital heart defects. We estimate that approximately one in every 125 babies is born with some form of heart defect. With advancements in care, there are approximately 1.4 million adults in the United States today living with congenital heart disease. There are approximately 2,800 board-certified pediatric cardiologists in the United States.

Other Pediatric Subspecialty Medicine. Other areas of pediatric subspecialty medicine are closely associated with maternal-fetal-newborn medical care. For example, pediatric intensivists are subspecialists who care for critically ill or injured children and adolescents in PICUs. There are approximately 2,200 board-certified pediatric intensivists in the United States. As another example, pediatric hospitalists are pediatricians who provide care in many hospital areas, including labor and delivery and the newborn nursery. In addition, pediatric surgeons provide specialized care for patients ranging from newborns to adolescents, for all problems or

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conditions affecting children that require surgical intervention, and often have particular expertise in the areas of neonatal, prenatal, trauma, and pediatric oncology. There are approximately 1,000 board-certified pediatric surgeons in the United States.

Radiology. Radiology is the branch of medical science that uses a variety of medical imaging technology to diagnose injury and disease and sometimes treat diseases in the body. A variety of imaging techniques such as X-ray, fluoroscopy, ultrasound, computed tomography (CT), nuclear medicine, including positron emission tomography (PET), and magnetic resonance imaging (MRI) are used. Interventional radiology is the performance of typically minimally invasive medical procedures with the guidance of imaging technologies. According to the U.S. Census Bureau, the U.S. population continues to expand and the fastest-growing segment of the population consists of individuals over the age of 65. The growth in population and, in particular the age 65 or greater segment, is expected to result in an increase in demand for radiology services as the increased medical needs of this population require more imaging. There are approximately 34,000 board-certified radiologists in the United States.

Teleradiology and Telemedicine. Teleradiology is the transmission of radiographic images from one location to another for interpretation. Teleradiology represents a component of the broader radiology industry. Within this market, teleradiology is a fast growing segment of the physician services sector. We believe that there are several factors prompting growth of the teleradiology model. Around-the-clock subspecialty coverage is becoming a standard of care; the idea that a general radiologist practicing in a single hospital has the ability to read all types of images is no longer prevalent. On behalf of their patients, healthcare facilities increasingly seek to have diagnostic images evaluated by radiologists who have expertise in specific subspecialty areas such as neuroradiology, cardiac imaging and vascular surgery. In addition, facilities wish to have this subspecialty service available to them immediately because timing is critical for treatment and recovery. Advances in technology now make this around-the clock expert attention possible; using remote/ onsite integration and data analytics, teleradiologists can read diagnostic images from anywhere at any time and seamlessly deliver results. This not only provides the ability to determine optimal treatment decisions for the patient, but also enhances a healthcare facility's ability to efficiently and effectively meet its patients' needs. Since most teleradiology work is completed remotely, the pool of qualified radiologists who are subspecialty trained is significantly greater than would be available in a single geographic area.

Another key driver, we believe, is how we support forward-thinking radiology groups that are attempting to become high-performance providers in their markets. Traditionally, radiology groups have had to staff to their peak volume creating periods where they are overstaffed as volume ramps up or down. With us as a partner, radiology groups can staff to meet typical demand, as opposed to overstaffing, and leverage our solutions for additional coverage at all times, not just the overnight hours. Likewise, radiology groups can more quickly expand their services to other geographies and locations with us as a partner reducing or eliminating the time it takes to recruit physicians for growth. Similarly, teleradiology coverage can be provided for other physician group staffing challenges such as physician retirement and attrition, or to provide expertise in specific subspecialty areas that may not be covered by the physicians in the practice.

Further, we believe there are broader applications across the larger telemedicine industry for the use of the proprietary technology and workflow platform utilized within our teleradiology business. Telemedicine services are well documented as high quality, safe and efficient means of expanding physician services into metropolitan and rural communities. We have begun to expand our services to provide these remote programs to our hospital partners and believe that this will become more relevant as more healthcare providers integrate remote healthcare solutions into their healthcare practices.

Physician Practice Administration. Administrative demands and cost containment pressures from a number of sources, principally commercial and government payors, make it increasingly difficult for physicians to effectively manage patient care, remain current on the latest procedures and efficiently administer non-clinical activities. As a result, we believe that physicians remain receptive to being affiliated with larger organizations

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that reduce administrative burdens, achieve economies of scale and provide value-added clinical research, education and quality initiatives. By relieving many of the burdens associated with the management of a subspecialty group practice, we believe that our practice administration services permit our affiliated physicians to focus on providing quality patient care and thereby contribute to improving patient outcomes, ensuring appropriate length of hospital stays and reducing long-term health system costs. In addition, our national network of affiliated physician practices, modeled around a traditional group practice structure, is managed by a non-clinical professional management team with proven abilities to achieve significant operating efficiencies in providing administrative support systems, interacting with physicians, hospitals and third-party payors, managing information systems and technologies, and complying with applicable laws, rules and regulations.

Management Services / Full-Service Revenue Cycle Management. Our management services organization is designed to help physicians and other healthcare providers better engage patients throughout the entire healthcare continuum by addressing the various challenges that they face from the complexity of reimbursement and practice coordination in today's healthcare environment. We believe our suite of solutions sets our management services organization apart in the world of healthcare revenue cycle management. Our suite of solutions includes a range of patient access and communications, revenue cycle management, consulting and analytics services, billing and coding, patient responsibility, eligibility and disability, complex accounts receivable services such as workers' compensation, out-of-state Medicaid eligibility and more, as well as offering advanced technology solutions through mobile-first engagement and communication software for patients and providers. By allowing our organization to step in and handle these areas, hospitals and other healthcare providers can focus on providing care to their patients without the administrative burdens.

The healthcare landscape is changing rapidly, particularly in various areas that hospitals and other healthcare providers typically have not invested in. Our solutions become even more relevant in these specific areas. For example, as patient responsibility balances continue to grow and become harder to collect, our management services organization's unique process of patient outreach and communication, before the healthcare bills are even sent, is a proven solution to this problem that also enhances patient satisfaction. Our management services organization also helps hospitals and other healthcare providers streamline the eligibility process for Medicaid. Medicaid eligibility is not a simple process to establish, as it differs across states and must be reestablished monthly, and is a critical function as there are millions of individuals who are eligible for Medicaid. We believe that our solutions address the key areas where hospitals and other healthcare providers must adapt to the changes in the business of healthcare.

In November 2018, we announced the initiation of a process to potentially divest our management services organization to allow us to focus our organization on our core physician services business. However, there can be no assurance that this process will result in a transaction, and we may decide to retain all or part of the management services organization.

OUR BUSINESS STRATEGY

Our business objective is to enhance our position as a leading provider of physician and other complementary healthcare services. The key elements of our strategy to achieve this objective are:

Build upon core competencies. We have developed significant administrative expertise relating to our practice physician services. We have also facilitated the development of a clinical approach to the practice of medicine among our affiliated physicians through clinical data warehouses that include research, education and quality initiatives intended to advance the practice of medicine and care, improve the quality of care provided to our patients and reduce long-term health system costs. Analysis of the data within our clinical data warehouses across our neonatology, anesthesia and other pediatric subspecialty services allows us to provide feedback to our physicians and hospital partners and to develop and implement best practices, all with the goal of improving outcomes, creating efficiencies and ensuring patient satisfaction. As healthcare organizations are expected to increasingly be held accountable for the

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quality and cost of the care they provide, we believe that our ability to capture this data within our clinical data warehouses adds value to our patients and our hospital and physician partners.

Promote same-unit and organic growth. We seek opportunities for increasing revenue from our hospital- and office-based operations. For example, our affiliated hospital-based neonatal, maternal-fetal and other pediatric physicians are well situated to, and, in some cases, provide physician services in other departments, such as pediatric emergency rooms, newborn nurseries, or in situations where immediate accessibility to specialized obstetric and pediatric care may be critical. Our hospital-based and office-based physicians continue to pursue an organic growth strategy that involves working with our hospital partners to develop integrated service programs for which we become a provider of solutions across the maternal-fetal, newborn, pediatric continuum of care. An integrated program results in a broader offering of care across our specialties and permits the extension of our service lines in our markets. We have successfully executed this organic growth strategy and market partnership in many metropolitan areas and intend to continue this growth initiative in the future. In addition, we market our capabilities to obstetricians, pediatricians and family physicians to attract referrals to our hospital-based units and our office-based practices. We also market the services of our affiliated physicians to other hospitals to attract maternal, neonatal and pediatric transport admissions. In addition, we may pursue new contractual arrangements with hospitals, including possibly through joint ventures, either where we currently provide or do not currently provide physician services.

We have had success developing other programs with our hospital partners. One of these programs relates to obstetric hospitalists (“OB hospitalists”) whereby we have collaborated with hospitals to design programs for which an OB hospitalist is on site at the hospital on a shift basis to provide care for laboring patients and managing obstetrical emergencies. We believe this program is valuable to our hospital partners as the program improves patient safety in part by preventing unattended deliveries and allowing for swifter emergency treatment. An additional benefit from such a program for our hospital partners is that local obstetricians unable to attend deliveries can be confident that there are dedicated in-house obstetricians available to attend such deliveries, and they may therefore choose to deliver at hospitals with such programs.

We also continue to expand our services in telemedicine, which is the use of telecommunication and information technology in order to provide clinical healthcare at a distance. Our acquisition of vRad was a significant milestone in this rapidly evolving area of healthcare and provided us with vRad’s proprietary technology and workflow platform. Similarly, we expect that many pediatric subspecialties as well as maternal-fetal medicine, will benefit in the future from having a robust platform in telemedicine. Telemedicine services are well documented as high quality, safe and efficient means of expanding physician services into metropolitan and rural communities. We have expanded our services to provide these remote programs to our hospital partners. These programs enhance the standing of our hospital partners while creating another portal of entry of pediatric patients to our inpatient service lines.

Additionally, with the goal of further expanding our organic growth strategy, our national sales team pursues opportunities across our service lines by employing a targeting strategy with a specific focus and prioritization. This sales team works with existing hospital and other healthcare partners and also focuses on building new relationships with hospitals and other service providers to which we do not currently provide services in order to offer clinical and other solutions and respond to requests for proposals. Our growth teams are managed under one collaborative group that addresses acquisition and organic growth opportunities with the shared goal of MEDNAX being viewed by hospitals and other partners as a multi-specialty health solutions partner across all of its service lines.

Acquire physician practice groups. We continue to seek to expand our operations by acquiring established physician practices in our core physician specialties and pursuing complementary pediatric subspecialty physician groups outside of our core specialties when appropriate. During 2018, we added nine physician group practices, including five radiology practices, two neonatology practices, and two

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other pediatric subspecialty practices. We currently expect a modest level of acquisition activity during 2019 and intend to primarily focus that acquisition activity in our radiology, neonatology and other pediatric subspecialty service lines.

Strengthen and broaden relationships with our partners. By managing many of the operational challenges associated with physician practices, encouraging clinical research, education and quality initiatives, and promoting timely intervention by our physicians, we believe that our business model is focused on improving the quality of care delivered to patients, promoting the appropriate length of their hospital stays and optimizing efficient use of health system resources. We believe that referring and collaborating physicians, hospitals, third-party payors and patients all benefit to the extent that we are successful in implementing our business model. In addition, we will continue to concentrate efforts in becoming more responsive and proactive in broadening our existing hospital relationships to expand the scope of services that we provide across all specialties. We believe this will be critical as hospitals and health systems seek to expand their service offerings and as the broader healthcare market seeks new solutions to operate more efficiently.

Focus on Shared Services and Operational Initiatives. We have developed a number of strategic initiatives across our organization, in both our shared services functions and our operational infrastructure, with a goal of generating improvements in our general and administrative expenses and our operational infrastructure. In our shared services departments, we are focused on improving processes, using our resources more efficiently and utilizing our scale more effectively to improve cost and service performance across our operations. Within our operational infrastructure, we have developed specific operational plans within each of our service lines and affiliated physician practices, with specific milestones and regular reporting, with the goal of generating long-term operational improvements and fostering even greater collaboration across our national medical group. We believe these strategic initiatives, together with our continued plans to invest in focused, targeted and strategic organic and acquisitive growth, position us well to deliver a differentiated value proposition to our stakeholders while continuing to provide the highest quality care for our patients.

CLINICAL RESEARCH, EDUCATION, QUALITY AND SAFETY

As part of our patient focus and ongoing commitment to improving patient care through evidenced-based medicine, we engage in clinical research, continuous quality improvement, safety and education initiatives. We discover, understand and teach healthcare practices that enhance the abilities of clinicians to deliver quality care, thereby contributing to better patient outcomes and reduced long-term health system costs. Our investment in these initiatives benefits our patients, clinicians, referring and collaborating physicians, hospital partners and third-party payors. We believe that these initiatives help us, among other things, to enhance the value of our services, attract new and retain existing clinicians, improve clinical operations and enhance practice communication.

Clinical Research. We conduct clinical research to discover ways to improve clinical care for our patients and share our discoveries throughout the medical community through submissions to peer-reviewed literature. To help facilitate and support research efforts, MEDNAX established a Research Advisory Committee (RAC). The goal of the RAC is to design, implement and maintain a program for clinical research oversight and support that enables our practices to conduct research that is safe, effective, financially viable and legally compliant, while optimizing research opportunities. The RAC's multi-disciplinary approach involves the collaboration of both clinical and business professionals, including finance, legal and compliance, and has ultimately enhanced our research efforts and improved overall process flow. With participating clinicians located throughout the country, the RAC supports a comprehensive scope of research efforts, allowing for a more in-depth look at our specialties. This nationwide perspective allows us to better anticipate future needs and opportunities.

Quality and Safety. Through the leadership of our affiliated clinicians, we have cultivated a culture of continuous quality improvement and safety, which is the cornerstone of our success and helps us to

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fulfill our mission. Our team of clinical experts leads and provides oversight for several national quality and safety programs across various specialties and subspecialties.

Continuous Quality Improvement (“CQI”). CQI initiatives are important for all of our physician specialties. As part of our dedication to improving quality across our affiliated practices, we provide our clinicians with the opportunity to collaborate and share best practices and facilitate access to valuable information, resources and professional development tools. From these collaborations, our affiliated physicians can identify areas for improvement, and then systematically monitor, study, learn, and implement change. There are several complex initiatives that are derived and based on our long-standing CQI efforts, such as our Regional Resource Teams, our National High Reliability Organization (“HRO”) program and our Performance Improvement Teams. For anesthesia care, we have launched a new Comprehensive Enhanced Recovery after Surgery program and continue to offer a Centers for Medicare and Medicaid Service (“CMS”) certified Qualified Clinical Data Registry (“QCDR”). Our quality metrics are analyzed to include standard clinical outcome reporting, trend analysis and threshold performance, all of which are provided to our individual physicians. The quality committees and medical directors of the practices manage quality improvement programs and drive best practices that are adapted to the needs of the local care setting.

Patient Safety Organization (“PSO”). We have established a federally listed PSO, the mission of which is to improve the quality and safety of care rendered by our clinical providers through the collection and analysis of quality data. As a federally listed PSO, our mission to improve the safety of care rendered is supported by the dissemination of best practices information and implementation of patient safety programs. Both our anesthesiology HRO program and women’s and children’s HRO program aim to provide “Just Culture” training to our clinicians. The complex curriculum has been customized to meet our affiliated physician practices’ needs and is based on principles outlined by the Agency for Healthcare Research and Quality (“AHRQ”), Institute for Healthcare Improvement, National Patient Safety Foundation and Team STEPPS, the teamwork system developed by the AHRQ and the Department of Defense.

Simulation. Practicing critical decision-making, communication, task and teamwork skills with *in situ* scenarios promotes optimized clinical performance for high-risk, low-volume critical situations. To meet the needs of our health care providers, hospital and ASC partners, as well as our patients, MEDNAX offers a variety of customized simulation programs with the aim of instilling competence and confidence with one goal in mind: improved outcomes. Our Simulation Program has gained provisional accreditation by the Society for Simulation in Healthcare, a required first step towards attaining full accreditation, and currently offers highly interactive programs for neonatology, anesthesiology and hospital-based medicine practices. The effects of simulation are proven as a performance improvement method and are known to lead to enhanced communication and improved patient outcomes.

Education. Our commitment to clinical and research excellence is evidenced by our comprehensive educational and professional development opportunities offered. We provide extensive continuing medical education and continuing nursing education to our affiliated clinicians in an effort to ensure that they have access to current treatment methodologies, national best practices and evidence-based guidelines. As an Accreditation Council for Continuing Medical Education accredited provider, we offer a variety of live and online educational credit opportunities that can be accessed on demand by our providers and are in synergy with latest research publications and healthcare industry standards. We strive to expand our learning materials to new subspecialties. In addition, each year, thousands of healthcare providers worldwide take advantage of educational programs hosted by MEDNAX. We believe that the number of clinicians both nationally and internationally who participate in these activities is evidence of the depth and breadth of our clinical expertise and position as an industry leader.

Innovation. We believe collaborative innovation is a pathway towards excellence in research, education, quality and safety. Because of the critical role innovation plays, our team strives to integrate the latest

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technological advances, artificial or augmented intelligence, genetic discoveries and mobile applications into every day care. Tele- and mobile health, virtual reality, next generation sequencing, point-of-care diagnostics and advanced data analytics are currently shaping the future of medicine. Our team is actively engaged in designing projects that we believe will allow us to prevent disease, offer precision care and further optimize patient outcomes.

We believe that these initiatives have been enhanced by our integrated national presence together with our clinical and management information systems, which are an integral component of our clinical research and education activities. See “Our Information Systems.”

OUR INFORMATION SYSTEMS

We maintain several information systems that support our day-to-day operations, ongoing clinical initiatives and business analysis.

BabySteps®. BabySteps is a clinical electronic documentation system used by our affiliated neonatal physicians and other clinicians to record clinical progress notes and certain laboratory and radiology reports and provides a decision tree to assist them in certain situations with the selection of appropriate billing codes.

Clinical Data Warehouse. BabySteps enables our affiliated practices to capture a consistent set of clinical information about the patients we treat. We de-identify and transfer information from our electronic health records that reside in BabySteps to our “clinical data warehouse” that since inception has accumulated clinical information on more than 1.4 million patients and 25 million patient days. With comprehensive reporting tools, our physicians are able to use this information to benchmark outcomes, enhance clinical decision-making and advance best practices at the bedside. Using a variety of clinical performance markers, our de-identified data warehouse also helps us track medication and procedure interactions, link treatments to outcomes and identify opportunities to enhance patient outcomes. Our clinical data warehouse also helps us to identify which prospective clinical trials are most important and allows us to monitor the impact of our continuous quality improvement initiatives.

MEDNAX Qualified Clinical Data Registry (“QCDR”). MEDNAX QCDR is a quality metric acquisition and database that has been implemented in our anesthesiology, interventional pain and radiology physician practices. QCDR collects patient level data which is then stored, analyzed and reported to physicians and to CMS to address Merit-Based Incentive Payment System (“MIPS”) requirements within the CMS Quality Payment Program. Our affiliated clinicians use the data, along with evidence-based medicine, to develop and implement best practices and standard operating procedures, for educational programs and for providing quality metrics, all with the goal of improving outcomes and efficiency and ensuring patient satisfaction. CMS has certified the MEDNAX QCDR as an appropriate platform for reporting under MIPS, and CMS approved our self-nomination for the 2019 MIPS reporting year.

Nextgen®. We have licensed the Nextgen Electronic Medical Record (“EMR”) and Electronic Patient Management (“EPM”) system for our affiliated office-based physicians and other clinicians to record clinical documentation related to their patients and to manage the revenue cycle for our office-based practices. This system has the ability to provide benefits to our office-based practices that are similar to what BabySteps provides to our neonatology practices, including decision trees to assist physicians with the selection of compliant billing codes, promotion of consistent documentation, and data for research and education. We are continuing the process of implementing EMR and EPM throughout our office-based practices.

eCCAP. Our electronic charge capture system is used to appropriately record and bill for pediatric intensive care clinicians, hospitalist clinicians and other clinical care providers. We also use administrative data derived from this system to drive quality assurance and quality improvement programs.

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Radiology Clinical Data Warehouse. Our extensive database of aggregated and normalized radiology studies powers our sophisticated analytics capabilities. Our analytics technology provides evidence-based insights to our own practice and to key decision makers at hospitals and healthcare systems, as well as to onsite radiology groups regarding optimal staffing, imaging utilization and clinical outcomes, all to help them more efficiently manage their radiology service lines and practices. Our analytics tools are relevant for both hospitals trying to better manage costs and improve operating efficiencies, as well as to radiology groups trying to demonstrate value in an increasingly challenging and evolving healthcare reimbursement environment. Our analytics tools differentiate us as a strategic partner to both existing and new clients who rely on our insight to efficiently manage their radiology service lines and practices.

MEDNAX Learning Center®. In addition to providing continuing education, our web-based education platforms also function as important educational adjuncts to our affiliated physician groups, providing a rich source of ongoing medical education for our physicians and enabling physicians to discuss cases with one another through various clinical resources.

Our management information systems are also an integral element of the billing and reimbursement process. We maintain systems that provide for electronic data interchange with payors that accept electronic submissions, including electronic claims submission, insurance benefits verification and claims processing and remittance advice, which enable us to track numerous and diverse third-party payor relationships and payment methods. Our information systems provide scalability and flexibility as payor groups upgrade their payment and reimbursement systems. We continually seek improvements to our systems to expedite the overall process, streamline information gathering from our clinical systems and improve efficiencies in the reimbursement process.

We maintain additional information systems designed to improve operating efficiencies of our affiliated practice groups, reduce physicians' paperwork requirements and facilitate interaction among our affiliated physicians and their colleagues regarding patient care issues. Following the acquisition of a physician practice group, we implement systematic procedures to improve the acquired group's operating and financial performance. One of our first steps is to convert a newly acquired group to our broad-based management information system. We also maintain a database management system to assist our business development and recruiting departments to identify potential practice group acquisitions and physician candidates.

PHYSICIAN PRACTICE GROUP ADMINISTRATION

We provide multiple administrative services to support the practice of medicine by our affiliated physicians and strive to improve operating efficiencies of our affiliated practice groups.

Unit Management. A senior physician practicing medicine in each physician specialty or subspecialty practice that we manage acts as the medical director for that practice. Each medical director is responsible for the overall management of his or her practice, including staffing and scheduling, quality of care, professional discipline, utilization review, coordinating physician recruitment and monitoring of the financial success within the practice. Medical directors also serve as a liaison with hospital administration, other physicians and the community.

Staffing and Scheduling. We assist with staffing and scheduling physicians and advanced practice nurses within the units and practices that we manage. For example, each NICU is staffed by at least one specialist on site or available on call. For our affiliated anesthesia physicians, CRNAs and AAs, we employ an operational system that assists with their staffing and scheduling. We are responsible for managing and coordinating the process for the salaries and benefits paid and provided to our affiliated physicians and practitioners. In addition, we employ, compensate and manage all non-medical personnel for our affiliated physician groups.

Recruiting and Credentialing. We have significant experience in locating, qualifying, recruiting and retaining experienced physicians. We maintain an extensive nationwide database of neonatologists,

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maternal-fetal medicine physicians, anesthesiologists and other pediatric subspecialty physicians and are working to develop such a database for radiologists. Our medical directors and physician leaders play a central role in the recruiting and interviewing process before candidates are introduced to other practice group physicians and hospital administrators. We verify the credentials, licenses and references of all prospective affiliated physician candidates. In addition to our database of physicians, we recruit nationally through trade advertising, referrals from our affiliated physicians and attendance at conferences.

Billing, Collection and Reimbursement. We assume responsibility for assisting our affiliated physicians with contracting with third-party payors. We are responsible for billing, collection and reimbursement for services rendered by our affiliated physicians. In all instances, however, we do not assume responsibility for charges relating to services provided by hospitals or other physicians with whom we collaborate. Such charges are separately billed and collected by the hospitals or other physicians. We provide our affiliated physicians and other clinicians with a training curriculum that emphasizes detailed documentation of and compliant coding protocols for all procedures performed and services provided, and we provide comprehensive internal auditing processes, all of which are designed to achieve compliant coding, billing and collection of revenue for physician services. Generally, our billing and collection operations are conducted from our business offices located across the United States and in Puerto Rico, as well as our corporate offices.

Risk Management. We maintain a risk management program focused on reducing risk, including the identification and communication of potential risk areas to our medical affairs staff. We maintain professional liability coverage for our national group of affiliated healthcare professionals. Through our risk management and medical affairs staff, we conduct risk management programs for loss prevention and early intervention in order to prevent or minimize professional liability claims.

Compliance. We provide a multi-faceted compliance program that is designed to assist our affiliated practice groups in understanding and complying with the increasingly complex laws, rules and regulations that govern the provision of healthcare services.

Other Services. We also provide management information systems, facilities management, legal support, marketing support and other services to our affiliated physicians and affiliated practice groups.

RELATIONSHIPS WITH OUR PARTNERS

Our business model, which has been influenced by the direct contact and daily interaction that our affiliated physicians have with their patients, emphasizes a patient-focused clinical approach that addresses the needs of our various “partners,” including hospitals, third-party payors, referring and collaborating physicians, affiliated physicians and, most importantly, our patients.

Hospitals and Other Customers

Our relationships with our hospital partners and other customers are critical to our operations. Hospitals control access to their units and operating rooms through the awarding of contracts and hospital privileges. We have been retained by approximately 570 hospitals to staff and manage clinical activities within specific hospital-based units and other departments. Our affiliated physicians are important components of obstetric, pediatric and surgical services provided at hospitals. Our hospital-based focus enhances our relationships with hospitals and creates opportunities for our affiliated physicians to provide patient care in other areas of the hospital. For example, our physicians may provide care in emergency rooms, nurseries, intensive care units and other departments where access to specialized obstetric, pediatric and anesthesia care may be critical. Our hospital partners benefit from our expertise in managing critical care units and other settings staffed with physician specialists, including managing variable admission rates, operating costs, complex reimbursement systems and other administrative burdens. We work with our hospital partners to enhance their reputation and market our services to referring physicians within the communities served by those hospitals. We also provide radiology

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physician services to hospitals and other physician groups. In addition, our affiliated physicians work with our hospital partners to develop integrated services programs for solutions within the services we provide. Integrated programs provide our hospital partners and us with incremental growth and result in a broader spectrum of care across our specialties and permit us to extend our patient service lines into our existing markets. Our relationships with our hospital partners are continually evolving with the goal of being viewed by them as a solutions provider across all of our specialties.

Under our contracts with hospitals, we have the responsibility to manage, in many cases exclusively, the provision of physician services for hospital-based units, such as NICUs, and other hospital settings. We typically are responsible for billing patients and third-party payors for services rendered by our affiliated physicians separately from other related charges billed by the hospital or other physicians to the same payors. Some of our hospital contracts require hospitals to pay us administrative fees. Some contracts provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that we receive a specified minimum revenue level. We also receive fees from hospitals for administrative services performed by our affiliated physicians providing medical director services at the hospital. Administrative fees accounted for 10% of our net revenue during 2018. Some of our contracts with hospitals require us to indemnify them and their affiliates for losses resulting from the negligence of our affiliated physicians. Our hospital contracts typically have terms of one to three years which can be terminated without cause by either party upon prior written notice, and renew automatically for additional terms of one to three years unless terminated early by any party. While we have in most cases been able to renew these arrangements, hospitals may cancel or not renew our arrangements, or reduce or eliminate our administrative fees in the future.

Third-Party Payors

Our relationships with government-sponsored or funded healthcare programs (“GHC Programs”), including Medicare and Medicaid, and with managed care organizations and commercial health insurance payors are vital to our business. We seek to maintain professional working relationships with our third-party payors, streamline the administrative process of billing and collection, and assist our patients and their families in understanding their health insurance coverage and any balances due for co-payments, co-insurance, deductibles or benefit limitations. In addition, through our quality initiatives and continuing research and education efforts, we have sought to enhance clinical care provided to patients, which we believe benefits third-party payors by contributing to improved patient outcomes and reduced long-term health system costs.

We receive compensation for professional services provided by our affiliated physicians to patients based upon rates for specific services provided, principally from third-party payors. Our billed charges are substantially the same for all parties in a particular geographic area, regardless of the party responsible for paying the bill for our services, but the payments we receive vary among payors. A significant portion of our net revenue is received from GHC Programs, principally state Medicaid and federal Medicare programs.

Medicaid programs, which are jointly funded by the federal government and state governments, pay for medical and health-related services for certain categories of individuals and families generally who have low incomes or disabilities. Medicaid programs can be either standard fee-for-service payment programs or managed care programs in which states have contracted with health insurance companies to run local or state-wide health plans with features similar to health maintenance organizations. Our compensation rates under standard fee-for-service Medicaid programs are established by state governments and are not negotiated. Although Medicaid rates vary across the states, these rates are generally much lower in comparison to private-sector health plan rates. Rates under Medicaid managed care programs typically are negotiated, but are also much lower in comparison to private-sector health plan rates.

The Affordable Care Act (“ACA”) allows states to expand their Medicaid programs to enroll more individuals through federal payments that fund most of the cost of increasing the Medicaid eligibility income limit from a state’s historical eligibility levels to 133% of the federal poverty level. To date, 36 states and the

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District of Columbia have expanded Medicaid eligibility to cover this additional low income patient population (including states that have adopted but not yet implemented expansion and those that are using an alternative approach to eligibility expansion) and other states are considering such expansion. All of the states in which we operate, however, already cover children in the first year of life and pregnant women if their household income is at or below 133% of the federal poverty level. In light of changes to the ACA, some of these states may eliminate, reduce or otherwise modify expanded enrollment eligibility. See Item 1A. Risk Factors – “State budgetary constraints and the uncertainty over the future Medicaid expansion could have an adverse effect on our reimbursement from Medicaid programs” and “The ACA and potential changes to it may have a significant effect on our business.”

Medicare is a health insurance program primarily for individuals 65 years of age and older, younger individuals with certain disabilities and individuals with end-stage renal disease. The program is available without regard to income or assets (with means-tested premiums for beneficiaries with relatively high incomes) and offers beneficiaries different ways to obtain their medical benefits. The most common option selected today by Medicare beneficiaries is the traditional fee-for-service payment system. The other options include managed care, preferred provider organizations, private fee-for-service and specialty plans. Medicare compensation rates are generally much lower in comparison to private-sector health plans. Because we provide services to a wide array of patients, including Medicare beneficiaries, a portion of our patients’ services are reimbursed by Medicare.

In order to participate in government programs, we and our affiliated practices must comply with stringent and often complex standards, including enrollment and reimbursement requirements. Different states also impose varying standards for their Medicaid programs. See “Government Regulation–Government Regulatory Requirements.”

We also receive compensation pursuant to contracts with commercial payors that offer a wide variety of health insurance products, such as health maintenance organizations, preferred provider organizations and exclusive provider organizations that are subject to various state laws and regulations, as well as employer-sponsored coverage subject to federal Employee Retirement Income Security Act (“ERISA”) requirements. We seek to secure mutually agreeable contracts with payors that enable our affiliated physicians to be listed as in-network participants within the payors’ provider networks. We generally contract with commercial payors through our affiliated professional contractors. Subject to applicable laws, rules and regulations, the terms, conditions and compensation rates of our contracts with commercial third-party payors are negotiated and often vary across markets and among payors. In some cases, we contract with organizations that establish and maintain provider networks and then rent or lease such networks to the actual payor. Our contracts with commercial payors typically provide for discounted fee-for-service arrangements and grant each party the right to terminate the contracts without cause upon prior written notice. In addition, these contracts generally give commercial payors the right to audit our billings and related reimbursements for professional and other services provided by or through our affiliated physicians.

If we do not have a contractual relationship with a health insurance payor, we generally bill the payor our full billed charges. If payment is less than billed charges, we bill the balance to the patient, subject to federal and state laws regulating such billing. Although we maintain standard billing and collections procedures with appropriate discounts for prompt payment, we also provide discounts in certain hardship situations where patients and their families do not have financial resources necessary to pay the amount due for services rendered. Any amounts written-off are based on the specific facts and circumstances related to each individual patient account.

Referring and Collaborating Physicians

Our relationships with our referring and collaborating physicians are critical to our success. Our affiliated physicians seek to establish and maintain professional relationships with referring physicians in the communities

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where they practice. Because patient volumes in our NICUs are based in part on referrals from other physicians, particularly obstetricians, it is important that we are responsive to the needs of referring physicians in the communities in which we operate. We believe that our community presence, through our hospital coverage and outpatient clinics, assists referring obstetricians, office-based pediatricians and family physicians with their practices. Our affiliated physicians are able to provide comprehensive maternal-fetal, newborn and pediatric subspecialty care to patients using the latest advances in methodologies, supporting the local referring physician community with 24-hours-a-day, seven-days-a-week on-site or on-call coverage.

Our affiliated anesthesiologists seek to establish and maintain professional relationships with collaborating physicians, such as surgeons, and other healthcare providers. Our affiliated anesthesiologists play an important role for surgeons because they provide medical care to the patient throughout the surgical experience. This care includes evaluation of the patient prior to surgery, consultations with the surgical team, providing pain control and support of life functions during surgery and supervising care following surgery through the discharge of the patient from the recovery unit. Accordingly, our affiliated anesthesiologists are focused on delivering quality services to enhance the reputation and satisfaction of collaborating surgeons.

Affiliated Physicians and Practice Groups

Our relationships with our affiliated physicians are important. Our affiliated physicians are organized in traditional practice group structures. In accordance with applicable state laws, our affiliated practice groups are responsible for the provision of medical care to patients. Our affiliated practice groups are separate legal entities organized under state law as business corporations or professional associations, professional corporations, limited liability companies and partnerships, which we sometimes refer to as our “affiliated professional contractors”. Each of our affiliated professional contractors is owned by a licensed physician affiliated with the Company through employment or another contractual relationship. Our national infrastructure enables more effective and efficient sharing of new discoveries and clinical outcomes data, including best demonstrated processes, access to our sophisticated information systems, clinical research and education.

Our business corporations and affiliated professional contractors employ or contract with physicians to provide clinical services in certain states and Puerto Rico. In most of our affiliated practice groups, each physician has entered into an employment agreement with us or one of our affiliated professional contractors providing for a base salary and incentive bonus eligibility and typically having a term of three to seven years. We are typically responsible for billing patients and third-party payors for services rendered by our affiliated physicians and, with respect to services provided in a hospital, separately from other charges billed by hospitals to the same payors. Each physician must hold a valid license to practice medicine in the state in which he or she provides patient care and must become a member of the medical staff, with appropriate clinical privileges, at each hospital at which he or she practices. Substantially all the physicians employed by us or our affiliated professional contractors have agreed not to compete within a specified geographic area during employment and for a certain period after termination of employment. Although we believe that the non-competition covenants of our affiliated physicians are reasonable in scope and duration and therefore enforceable under applicable state laws, we cannot predict whether a court or arbitration panel would enforce these covenants in any particular case. Our hospital contracts also typically require that we and the physicians performing services maintain minimum levels of professional and general liability insurance. We negotiate those policies and contract and pay the premiums for such insurance on behalf of the physicians.

Each of our affiliated professional contractors has entered into a comprehensive management agreement with a subsidiary of MEDNAX as the manager. Under the terms of these management agreements, and subject to state laws and other regulations, the manager is typically paid for its services based on the performance of the applicable practice group. See “Government Regulation–Fee Splitting; Corporate Practice of Medicine.”

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COMPETITION

The physician services industry is highly fragmented. Competition in our business is generally based upon a number of factors, including reputation, experience and level of care and our affiliated physicians' ability to provide cost-effective, quality clinical care. The nature of competition for our hospital-based practices, such as neonatology, anesthesiology and radiology, differs significantly from competition for our office-based practices. Our hospital-based practices compete nationally with other health services companies and physician groups for hospital contracts and qualified physicians. In some instances, our hospital-based physicians also compete on a regional or local basis. For example, our neonatologists compete for referrals from local physicians and transports from surrounding hospitals. Our office-based practices, such as maternal-fetal medicine and pediatric cardiology, compete for patients with office-based practices in those subspecialties. In addition, we compete in our teleradiology service line with other teleradiology service providers where costs to provide services may be lower and turnaround times may be faster. We also compete directly with hospitals themselves as they may consider reading images with their own employed radiologists rather than outsource those reads to our affiliated radiologists.

Hospitals control access to their NICUs and operating rooms by awarding contracts and hospital clinical privileges, and our relationships with our hospital partners are critical to our operations. Because our operations consist primarily of physician services provided within hospital-based units, we compete with others for contracts with hospitals to provide services. We also compete with hospitals themselves to provide such services. Hospitals may employ neonatologists, anesthesiologists or radiologists directly or contract with other physician groups to provide services either on an exclusive or non-exclusive basis. A hospital not otherwise competing with us may begin to do so by opening a new NICU or operating facility, expanding the capacity of an existing NICU, adding operating room suites or, in the case of neonatal services, upgrading the level of its existing NICU. If the hospital chooses to do so, it may award the contract to operate the relevant facility to a competing group or company from within or outside the surrounding community. Our contracts with hospitals generally provide that they may be terminated without cause upon prior written notice.

The healthcare industry is highly competitive. Companies in other segments of the industry as well as healthcare-focused and other private equity firms, some of which have financial and other resources greater than ours, may become competitors in providing neonatal, anesthesia, radiology and teleradiology, maternal-fetal and other pediatric subspecialty care.

GOVERNMENT REGULATION

The healthcare industry is governed by a framework of federal and state laws, rules and regulations that are extensive and complex and for which, in many cases, the industry has the benefit of only limited judicial and regulatory interpretation. The resources and costs required to comply with these laws, rules and regulations are high. If we or one of our affiliated practice groups or service businesses is found to have violated these laws, rules or regulations, our business, financial condition and results of operations could be materially, adversely affected. The ACA made numerous changes that have reshaped the United States healthcare delivery system. Further healthcare reform, including potential repeal of or changes to the ACA, continues to attract significant legislative and administrative interest, legal challenges, regulatory and compliance requirements, new approaches and public attention that create uncertainty and the potential for additional changes. Healthcare reform implementation, additional legislation or regulations, and other changes in government policy or regulation may affect our reimbursement, restrict our existing operations, limit the expansion of our business or impose additional compliance requirements and costs, any of which could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. See Item 1A. Risk Factors – “The ACA and potential changes to it may have a significant effect on our business.”

Licensing and Certification

Each state imposes licensing requirements on individual physicians and clinical professionals, and on facilities operated or utilized by healthcare companies like us. Many states require regulatory approval, including

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certificates of need, before establishing certain types of healthcare facilities, offering certain services or expending amounts in excess of statutory thresholds for healthcare equipment, facilities or programs. We and our affiliated physicians are also required to meet applicable Medicare provider requirements under federal laws, rules and regulations and Medicaid provider requirements under federal and state laws, rules and regulations.

Fee Splitting; Corporate Practice of Medicine

Many states have laws that prohibit business corporations, such as MEDNAX, from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians, or engaging in certain arrangements, such as fee splitting, with physicians. In light of these restrictions, we operate by maintaining long-term management contracts through our subsidiaries with affiliated professional contractors, which employ or contract with physicians to provide physician professional services. Under these arrangements, our manager subsidiaries perform only non-medical administrative services, do not represent that they offer medical services and do not exercise influence or control over the practice of medicine by the physicians employed by the affiliated professional contractors. In states where fee splitting with a business corporation or manager is prohibited, the fees that are received from the affiliated professional contractors have been established on a basis that we believe complies with applicable laws. Although the relevant laws in these states have been subject to limited judicial and regulatory interpretation, we believe that we are in compliance with applicable state laws in relation 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 or our manager subsidiaries are engaged in the corporate practice of medicine or that the contractual arrangements with the affiliated professional contractors constitute unlawful fee splitting, in which case we or our affiliated physicians could be subject to administrative, civil or criminal remedies or penalties, the contracts could be found to be legally invalid and unenforceable, in whole or in part, or we could be required to restructure our contractual arrangements with our affiliated professional contractors.

Fraud and Abuse Provisions

Existing federal laws, as well as similar state laws, governing Medicare, Medicaid, other GHC Programs and other non-governmental arrangements and interactions, impose a variety of fraud and abuse prohibitions on healthcare companies like us. These laws are interpreted broadly and enforced aggressively by multiple government agencies, including the Office of Inspector General of the Department of Health and Human Services, the Department of Justice (“DOJ”) and various state agencies.

Federal and state fraud and abuse laws apply to and affect our financial relationships and other ordinary and common business interactions with hospitals, referring physicians and other healthcare entities. In particular, the federal anti-kickback statute makes it a crime to knowingly and willfully solicit, receive, offer, or pay any remuneration, in cash or in kind, in return for either referring items or services for which payment may be made in whole or in part by a GHC Program or purchasing, leasing, ordering, or arranging for or recommending the purchase, lease, or ordering of any service or item for which payment may be made in whole or in part by a GHC Program. In addition, the federal physician self-referral law, commonly known as the “Stark Law,” is a strict liability statute that prohibits a physician from making a referral to an entity for certain “designated health services” if the physician, or an immediate family member, has a financial relationship with that entity, unless an exception applies. The entity is prohibited from billing the Medicare program for designated health services furnished pursuant to a prohibited referral. These laws have been broadly interpreted by federal courts and agencies, and potentially subject many healthcare business arrangements to government investigation, enforcement and prosecution, which can be costly and time consuming. Many of the states in which we operate also have similar anti-kickback and self-referral laws that apply to our government and non-government business.

Violations of these laws are punishable by substantial penalties and other remedies, including monetary fines, civil penalties, administrative remedies, criminal sanctions (in the case of the anti-kickback statute), exclusion from participation in GHC Programs and forfeiture of amounts collected in violation of such laws.

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There are a variety of other types of federal and state fraud and abuse laws, including laws authorizing the imposition of criminal, civil and administrative penalties for submitting false or fraudulent claims for reimbursement to GHC Programs. These laws include the federal civil False Claims Act (“FCA”), which prohibits knowingly presenting, or causing to be presented, false claims to GHC Programs, including Medicare, Medicaid, TRICARE (the program for military dependents and retirees), the Federal Employees Health Benefits Program, and insurance plans purchased through the ACA insurance exchanges where payments include federal funds. Substantial civil fines and treble damages, along with other remedies, including exclusion from GHC Programs, can be imposed for violating the FCA. Furthermore, the FCA does not require that the individual or company that presented or caused to be presented an allegedly false claim have actual knowledge of its falsity. The statute applies where the individual or company acted in “reckless disregard” or in “deliberate ignorance” of the truth or falsity of the claim. The FCA also applies to the improper retention of identified overpayments and includes “whistleblower” provisions that permit private citizens to sue a claimant on behalf of the government and share in the amounts recovered under the law. In recent years, many cases have been brought against healthcare companies by the government and by “whistleblowers,” which have resulted in judgments and settlements involving substantial payments to the government by the companies involved. The cost to defend against allegations can also be substantial.

In addition, the Civil Monetary Penalties Law imposes substantial civil monetary penalties against a person or entity that engages in other prohibited activities, such as presenting or causing to be presented a claim to a GHC Program that the person knows or should know is for an item or service that was not provided as claimed or for a claim that is false or fraudulent, or providing remuneration to a GHC Program beneficiary that the person or entity knows or should know is likely to influence the beneficiary’s selection of a provider or supplier. Regulators also have the authority to exclude individuals and entities from participation in GHC Programs under the Civil Monetary Penalties Law.

The civil and administrative false claims statutes are being applied in a broad range of circumstances. For example, claims for services that are medically unnecessary or fail to meet applicable coverage standards may, under certain circumstances, violate these statutes. Claims for services that were induced by kickbacks and Stark Law violations may also form the basis for FCA liability. Many of the laws and regulations referenced above can be used in conjunction with each other.

If we or our affiliated professional contractors were excluded from participation in any GHC Programs, not only would we be prohibited from submitting claims for reimbursement under such programs, but we also would be unable to contract with other healthcare providers, such as hospitals, to provide services to them. It could also adversely affect our or our affiliated professional contractors’ ability to contract with, or obtain payment from, non-governmental payors.

Although we intend to conduct our business in compliance with all applicable federal and state fraud and abuse laws, many of the laws, rules and regulations applicable to us, including those relating to billing and those relating to financial relationships with physicians and hospitals, are broadly worded and may be interpreted or applied by prosecutorial, regulatory or judicial authorities in ways that we cannot predict. Accordingly, we cannot assure you that our arrangements or business practices will not be subject to government scrutiny or be alleged or found to violate applicable fraud and abuse laws. If there is a determination by government authorities that we have not complied with any of these laws, rules and regulations, our business, financial condition and results of operations could be materially, adversely affected. See “Government Investigations.”

Government Regulatory Requirements

In order to participate in the Medicare program and in the various state Medicaid programs, we and our affiliated physician practices must comply with stringent and often complex regulatory requirements. Moreover, different states impose varying standards for their Medicaid programs. While our compliance program requires that we and our affiliated physician practices adhere to the laws, rules and regulations applicable to the

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government programs in which we participate, our failure to comply with these laws, rules and regulations could negatively affect our business, financial condition and results of operations. See “Government Regulation–Fraud and Abuse Provisions,” “Government Regulation–Compliance Program,” “Government Investigations” and “Other Legal Proceedings,” and Item 1A. Risk Factors – “Government-funded programs, private insurers or state laws and regulations may limit, reduce or make retroactive adjustments to reimbursement amounts or rates,” “We may become subject to billing investigations by federal and state government authorities” and “The healthcare industry is highly regulated, and government authorities may determine that we have failed to comply with applicable laws, rules or regulations.”

In addition, GHC Programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, manual guidance, requirements for utilization review and new governmental funding restrictions, all of which may materially increase or decrease program payments, as well as affect the cost of providing services and the timing of payments to providers. Moreover, because these GHC programs generally provide for reimbursement on a fee-schedule, per-service or per-discharge basis rather than on a charge-related basis, we generally cannot increase our revenue through increases in the amount we charge for our services. To the extent our costs increase, we may not be able to recover our increased costs from these programs, and cost containment measures and market changes in non-governmental insurance plans have generally restricted our ability to recover or shift these increased costs to non-governmental payors. In attempts to limit federal and state spending, there have been, and we expect that there will continue to be, a number of proposals to limit or reduce Medicare and Medicaid reimbursement for various services. Our business may be significantly and adversely affected by any such changes in reimbursement policies and other legislative initiatives aimed at reducing healthcare costs associated with Medicare, Medicaid and other GHC programs.

Our business also could be adversely affected by reductions in or limitations of funding of GHC programs or restrictions on or elimination of coverage for certain individuals or treatments under these programs.

Antitrust

The healthcare industry is subject to close antitrust scrutiny. The Federal Trade Commission (“FTC”), the Antitrust Division of the DOJ and state Attorneys General all actively review and, in some cases, take enforcement action against business conduct and acquisitions in the healthcare industry. Private parties harmed by alleged anticompetitive conduct can also bring antitrust suits. Violations of antitrust laws may be punishable by substantial penalties, including significant monetary fines, civil penalties, criminal sanctions, consent decrees and injunctions prohibiting certain activities or requiring divestiture or discontinuance of business operations. Any of these penalties could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

HIPAA and Other Privacy, Security and Breach Notification Laws

Numerous federal and state laws, rules and regulations govern the collection, dissemination, use, privacy, security and confidentiality of personal information. For example, the federal Health Insurance Portability and Accountability Act of 1996, as amended, and its implementing regulations (collectively, “HIPAA”) impose requirements to protect the privacy and security of protected health information (“PHI”) and to provide notification in the event of a breach of PHI. Violations of HIPAA are punishable by civil money penalties and, in some cases, criminal penalties and imprisonment. The U.S. Department of Health and Human Services (“HHS”) Office for Civil Rights (“OCR”), which is responsible for enforcing HIPAA, also may enter into resolution agreements requiring the payment of a civil money penalty and/or the establishment of a corrective action plan to address violations of HIPAA. OCR may also take other actions short of requiring payment of a civil money penalty or a corrective action plan, such as the provision of technical assistance. As part of our business operations, including in connection with medical record keeping, third-party billing, research and other services, we and our affiliated physician practices collect and maintain PHI regarding patients, which subjects us to compliance with HIPAA requirements.

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Pursuant to HIPAA, HHS has adopted privacy regulations, known as the privacy rule, to govern the use and disclosure of PHI (the “Privacy Rule”). The Privacy Rule applies to “Covered Entities,” which are health plans, health care clearinghouses, and health care providers that engage in standardized transactions under HIPAA, and, as discussed further below, “Business Associates,” which are entities that perform functions or services for or on behalf of Covered Entities that involve the use or disclosure of PHI. The term “Business Associate” also includes “Subcontractors,” which means any entity to whom a Business Associate delegates any function, activity or service, other than in the capacity of a member of the Business Associate’s workforce. PHI is broadly defined as any individually identifiable health information transmitted or maintained in any form, including electronic, paper or oral. As a general rule, a Covered Entity or Business Associate may not use or disclose PHI except as permitted under the Privacy Rule. We have implemented privacy policies and procedures, including training programs, designed to comply with the requirements set forth in the Privacy Rule, as amended to reflect changes required by HITECH, as discussed further below.

HHS has also adopted data security regulations (the “Security Rule”) that require Covered Entities (including health care providers) and Business Associates to implement administrative, physical and technical safeguards to protect the integrity, confidentiality and availability of PHI that is electronically created, received, maintained or transmitted (such as between us and our affiliated practices). We have implemented security policies, procedures and systems, including training programs, designed to comply with the requirements set forth in the Security Rule.

In addition, Congress enacted the Health Information Technology for Economic and Clinical Health (“HITECH”) Act as part of the American Recovery and Reinvestment Act. Among other changes to the laws governing PHI, HITECH required OCR to strengthen and expand HIPAA requirements, increase penalties for violations, give patients new rights to restrict uses and disclosures of their PHI, and impose a number of privacy and security requirements directly on Business Associates, which are now directly subject to penalties under HIPAA as a result of HITECH. Notably, as a result of HITECH, a Covered Entity is liable for violations of HIPAA resulting from the acts or omissions of any Business Associate acting as its agent, as determined by the federal common law of agency.

Under HIPAA, as amended by regulations promulgated pursuant to HITECH, Covered Entities are required to report any unauthorized use or disclosure of PHI that meets the definition of a breach to affected individuals, HHS and, depending on the number of affected individuals, the media for the affected market. In addition, HIPAA requires that Business Associates report breaches to their Covered Entity customers. HITECH further authorizes state Attorneys General to bring civil actions in response to violations of HIPAA that threaten the privacy of state residents. We have adopted breach notification policies and procedures designed to comply with the applicable requirements set forth in HIPAA.

HIPAA establishes a federal “floor” with respect to privacy, security, and breach notification requirements and does not supersede any state laws insofar as they are broader or more stringent than HIPAA. Numerous state and certain other federal laws protect the confidentiality of patient information and other personal information, including but not limited to state medical privacy laws, state laws protecting personally identifiable information, state data breach notification laws, state genetic privacy laws, human subjects research laws and federal and state consumer protection laws.

These requirements are also subject to change. Compliance with new privacy, security, and breach notification laws, regulations and requirements may result in increased operating costs, and may constrain or require us to alter our business model or operations. For example, changes to HIPAA promulgated pursuant to HITECH further restricted our ability to collect, disclose and use PHI and imposed additional compliance requirements on us.

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HIPAA Transaction Requirements

In addition to privacy, security, and breach notifications requirements, HIPAA establishes uniform electronic data transmission standards that all healthcare providers must use for electronic healthcare transactions. For example, claims for reimbursement that are transmitted electronically to third-party payors must comply with specific formatting standards, and these standards apply whether the payor is a government or a private entity. We report medical diagnoses under International Classification of Diseases, 10th Edition (“ICD-10”). If claims are not reported properly under ICD-10 due to technical or coding errors or other implementation issues involving systems, including ours and those of our third-party payors, there can be a delay in the processing and payment of such claims, or a denial of such claims, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Environmental Regulations

Our healthcare operations generate medical waste that must be disposed of in compliance with federal, state and local environmental laws, rules and regulations. Our office-based operations are subject to compliance with various other environmental laws, rules and regulations. Such compliance does not, and we anticipate that such compliance will not, materially affect our capital expenditures, financial position or results of operations.

Compliance Program

We maintain a compliance program that includes the established elements of an effective program and reflects our commitment to complying with all laws, rules and regulations applicable to our business and that meets our ethical obligations in conducting our business (the “Compliance Program”). We believe our Compliance Program provides a solid framework to meet this commitment and our obligations as a provider of healthcare services, including:

- a Chief Compliance Officer who reports to the Board of Directors on a regular basis;
- a Compliance Committee consisting of our senior executives;
- a formal internal audit function, including a Senior Director of Internal Audit who reports to the Audit Committee on a regular basis;
- our *Code of Conduct*, which is applicable to our employees, independent contractors, officers and directors;
- our *Code of Professional Conduct - Finance*, which is applicable to our finance personnel, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer;
- a disclosure program that includes a mechanism to enable individuals to disclose on a confidential or anonymous basis to the Chief Compliance Officer or any person who is not in the disclosing individual’s chain of command, issues or questions believed by the individual to be a potential violation of criminal, civil, or administrative laws or of company policies or procedures;
- an organizational structure designed to integrate our compliance objectives into our corporate offices, regions and practices; and
- education, monitoring and corrective action programs designed to establish methods to promote the understanding of our Compliance Program and adherence to its requirements.

The foundation of our Compliance Program is our *Code of Conduct*, which is intended to be a comprehensive statement of the ethical and legal standards governing the daily activities of our employees, affiliated professionals, independent contractors, officers and directors. All of our personnel are required to abide by, and are given thorough education regarding, our *Code of Conduct*. In addition, all employees and affiliated

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professionals are expected to report incidents that they believe in good faith may be in violation of our *Code of Conduct*. We maintain a toll-free helpline to permit individuals to report compliance concerns on an anonymous basis and obtain answers to questions about our *Code of Conduct*. Our Compliance Program, including our *Code of Conduct*, is administered by our Chief Compliance Officer with oversight by our Chief Executive Officer, Compliance Committee and Board of Directors. Copies of our *Code of Conduct* and our *Code of Professional Conduct - Finance* are available on our website, www.mednax.com. Our internet website and the information contained therein or connected thereto are not incorporated into or deemed a part of this Form 10-K. Any amendments or waivers to our *Code of Professional Conduct - Finance* will be promptly disclosed on our website following the date of any such amendment or waiver.

GOVERNMENT INVESTIGATIONS

We expect that audits, inquiries and investigations from government authorities, agencies, contractors and payors will occur in the ordinary course of business. Such audits, inquiries and investigations and their ultimate resolutions, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

OTHER LEGAL PROCEEDINGS

In the ordinary course of our business, we become involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by our affiliated physicians. Our contracts with hospitals generally require us to indemnify them and their affiliates for losses resulting from the negligence of our affiliated physicians and other clinicians. We may also become subject to other lawsuits that could involve large claims and significant defense costs. We believe, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

In July 2018, a securities class action lawsuit was filed against us and certain of our officers and one of our directors in the U.S. District Court for the Southern District of Florida (Case No. 0:18-cv-61572-WPD) that purports to state a claim for alleged violations of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 thereunder, based on statements made by the defendants primarily concerning our anesthesiology business. The complaint seeks unspecified damages, interest, attorneys' fees and other costs. We believe this lawsuit to be without merit and intend to vigorously defend against it. The lawsuit is in the very early stages and, at this time, no assessment can be made as to its likely outcome or whether the outcome will be material to us.

Although we currently maintain liability insurance coverage intended to cover professional liability and certain other claims, we cannot ensure that our insurance coverage will be adequate to cover liabilities arising out of claims asserted against us in the future where the outcomes of such claims are unfavorable to us. With respect to professional liability risk, we self-insure a significant portion of this risk through our wholly owned captive insurance subsidiary. Liabilities in excess of our insurance coverage, including coverage for professional liability and certain other claims, could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. See "Professional and General Liability Coverage."

PROFESSIONAL AND GENERAL LIABILITY COVERAGE

We maintain professional and general liability insurance policies with third-party insurers generally on a claims-made basis, subject to deductibles, self-insured retention limits, policy aggregates, exclusions, and other restrictions, in accordance with standard industry practice. We believe that our insurance coverage is appropriate based upon our claims experience and the nature and risks of our business. However, we cannot predict whether

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any pending or future claim would be successful or, if successful, would not exceed the limits of available insurance coverage.

Our business entails an inherent risk of claims of medical malpractice against our affiliated physicians, clinicians and us. We contract and pay premiums for professional liability insurance that indemnifies us and our affiliated healthcare professionals generally on a claims-made basis for losses incurred related to medical malpractice litigation. Professional liability coverage is required in order for our affiliated physicians to maintain hospital privileges. Our self-insured retention under our professional liability insurance program is maintained primarily through a wholly owned captive insurance subsidiary. We record estimates in our Consolidated Financial Statements for our liabilities for self-insured retention amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Liabilities for claims incurred but not reported are not discounted. Because many factors can affect historical and future loss patterns, the determination of an appropriate reserve involves complex, subjective judgment, and actual results may vary significantly from estimates. If the self-insured retention amounts and other amounts that we are actually required to pay materially exceed the estimates that have been reserved, our financial condition, results of operations and cash flows could be materially, adversely affected.

EMPLOYEES AND PROFESSIONALS UNDER CONTRACT

In addition to the 4,210 practicing physicians affiliated with us as of December 31, 2018, we employed or contracted with approximately 4,250 other clinical professionals and approximately 7,625 other full-time and part-time employees.

GEOGRAPHIC COVERAGE

We provide physician services across all 50 states, the District of Columbia and Puerto Rico. In addition, through our complementary service businesses, we provide full service revenue cycle management and consulting services to healthcare facilities and physicians nationwide. During 2018, approximately 52% of our net revenue was generated by operations in our five largest states. Our operations in Texas accounted for approximately 20% of our net revenue for the same period. Although we continue to seek to diversify the geographic scope of our operations, primarily through acquisitions of physician group practices, we may not be able to implement successfully or realize the expected benefits of any of these initiatives. Adverse changes or conditions affecting states in which our operations are concentrated, such as healthcare reforms, changes in laws, rules and regulations, reduced Medicare or Medicaid reimbursements, an increase in the income level required to qualify for government healthcare programs or government investigations, may have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

SERVICE MARKS

We have registered with the United States Patent and Trademark Office the service marks “MEDNAX National Medical Group and Design,” “Pediatrix Medical Group and Design,” “Obstetrix Medical Group and Design,” “American Anesthesiology and Design,” “BabySteps,” the “Baby Design,” “Quality Steps,” “iNewborn,” “NEO Conference and Design,” “MedData” and “vRad,” among others.

AVAILABLE INFORMATION

Our annual proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those statements and reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge and may be printed out through our internet website, www.mednax.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our proxy statements and reports may also be obtained directly from the SEC’s Internet website at www.sec.gov. Our internet website and the information contained therein or connected thereto are not incorporated into or deemed a part of this Form 10-K.

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ITEM 1A. RISK FACTORS

Our business is subject to a number of factors that could materially affect future developments and performance. In addition to factors affecting our business that have been described elsewhere in this Form 10-K, any of the following risks could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Economic conditions could have an adverse effect on our business.

Our operations and performance depend significantly on economic conditions. During the year ended December 31, 2018, the percentage of our patient service revenue being reimbursed under GHC Programs remained relatively consistent as compared to the year ended December 31, 2017. If, however, economic conditions in the United States deteriorate, we could experience shifts toward GHC Programs, and patient volumes could decline. Further, we could experience and have experienced shifts toward GHC Programs if changes occur in population demographics within geographic locations in which we provide services. We have also experienced, and expect to continue to experience, a shift toward GHC Programs in anesthesia care. Adverse economic conditions could also lead to additional increases in the number of unemployed and under-employed workers and a decline in the number of private employers that offer healthcare insurance coverage to their employees. Employers that do offer healthcare coverage may increase the required contributions from employees to pay for their coverage and increase patient responsibility amounts. In addition, certain private payors' poor experience with the healthcare insurance exchanges and uncertainty around the future of the ACA and healthcare insurance exchanges may result in those payors exiting the healthcare insurance exchange marketplaces or the cessation of the healthcare insurance exchanges. As a consequence, the number of patients who participate in GHC Programs or who are uninsured or underinsured could increase. Payments received from GHC Programs are substantially less than payments received from private healthcare insurance programs (managed care and other third-party payors). Payments under policies issued through the healthcare insurance exchanges may be less than payments from private healthcare insurance programs and in some cases, patients' responsibility for costs related to healthcare plans obtained through the healthcare insurance exchanges may be high and could increase in the future, and we may experience increased bad debt due to patients' inability to pay for certain services. A payor mix shift from private healthcare insurance programs to GHC Programs or to healthcare insurance exchanges may result in an increase in our estimated provision for contractual adjustments and uncollectibles and a corresponding decrease in our net revenue, as well as a significant reduction in our average reimbursement rates. While we have developed a number of strategic initiatives across our organization, in both our shared services functions and our operational infrastructure, to address some of the effects of changes in economic conditions, there is no assurance that these initiatives will be successful in generating improvements in our general and administrative expenses and our operational infrastructure. If these initiatives are unsuccessful, it could have a material adverse effect on our financial condition, results of operations, cash flows and the trading price of our securities.

The ACA and potential changes to it may have a significant effect on our business.

The ACA contains a number of provisions that have affected us and may continue to affect us over the next several years. These provisions include the establishment of health insurance exchanges to facilitate the purchase of qualified health plans, expanded Medicaid eligibility, subsidized insurance premiums and additional requirements and incentives for businesses to provide healthcare benefits. Moreover, we could be affected by potential changes to various aspects of the ACA, including subsidies, healthcare insurance marketplaces and Medicaid expansion.

The ACA remains subject to continuing legislative and administrative flux and uncertainty. In 2017, Congress unsuccessfully sought to replace substantial parts of the ACA with different mechanisms for facilitating insurance coverage in the commercial and Medicaid markets. Additionally, CMS has administratively revised a number of provisions and may seek to advance additional significant changes through regulation, guidance and

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enforcement in the future. At the end of 2017, Congress repealed part of the ACA that required most individuals to purchase and maintain health insurance or face a tax penalty, known as the individual mandate. In December 2018, a federal judge in Texas declared that key portions of the ACA were inconsistent with the United States Constitution and specifically that the ACA cannot stand on its own since Congress repealed the individual mandate. Several states are now engaged in appealing this decision. It is possible that as a result of these actions, enrollment in healthcare exchanges declined during 2018.

If the ACA is repealed or further substantially modified, or if implementation of certain aspects of the ACA are diluted or delayed, such repeal, modification or delay may impact our business, financial condition, results of operations, cash flows and the trading price of our securities. We are unable to predict the impact of any repeal, modification or delay in the implementation of the ACA, including the repeal of the individual mandate, on us at this time.

In addition to the potential impacts to the ACA under the current Administration, there could be more sweeping changes to GHC Programs, such as a change in the structure of Medicaid by converting it into a block grant or instituting “per capita caps,” which could eliminate the guarantee that everyone who is eligible and applies for benefits would receive them and could potentially give states sweeping new authority to restrict eligibility, cut benefits and make it more difficult for people to enroll. Additionally, several states are considering and pursuing changes to their Medicaid programs, such as requiring recipients to engage in employment activities as a condition of eligibility for most adults, disenrolling recipients for failure to pay a premium, or adjusting premium amounts based on income.

We cannot ultimately predict with any assurance the ultimate effect of these laws and resulting changes to payments under GHC Programs, nor can we provide any assurance that they will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. Further, any fiscal tightening impacting GHC Programs or changes to the structure of any GHC Programs could have a material adverse effect on our financial condition, results of operations, cash flows and the trading price of our securities.

The Medicare Access and CHIP Reauthorization Act of 2015 (“MACRA”) and potential changes to it may have a significant effect on our business.

MACRA contains numerous measures that could affect us, including, requirements that physicians participate in quality measurement programs that differentiate payments to physicians under Medicare based on quality and cost of care, rather than the quantity of procedures performed. MACRA requires physicians to choose to participate in one of two payment formulas, MIPS or Alternative Payment Models (“APMs”). Beginning in 2019, MIPS will allow eligible physicians to receive incentive payments based on the achievement of certain quality and cost metrics, among other measures, and be reduced for those who are underperforming against those same metrics and measures. As an alternative, physicians can choose to participate in an Advanced APMs, and physicians who are meaningful participants in APMs will receive bonus payments from Medicare pursuant to the law. MACRA also remains subject to review and potential modification by Congress, as well as shifting regulatory requirements established by CMS. We currently anticipate that our affiliated physicians will be eligible to receive bonus payments in 2019 through participation in the MIPS, although the amounts of such bonus payments are not expected to be material. We will continue to operationalize the provisions of MACRA and assess any further changes to the law or additional regulations enacted pursuant to the law.

We cannot ultimately predict with any assurance the ultimate effect of these laws and resulting changes to payments under GHC Programs, nor can we provide any assurance that they will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. Further, any fiscal tightening impacting GHC Programs or changes to the structure of any GHC Programs could have a material adverse effect on our financial condition, results of operations, cash flows and the trading price of our securities.

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State budgetary constraints and the uncertainty over the future of Medicaid could have an adverse effect on our reimbursement from Medicaid programs.

Congress and the current Administration have expressed interest in repealing, and have attempted to repeal, the ACA and substantially reform the Medicaid program. Congress could, for example, repeal the provisions of the ACA that encouraged states to expand Medicaid eligibility to more adults, including additional federal matching funds that enabled states to do so. The ACA allowed states to expand their Medicaid programs through federal payments that fund most of the cost of increasing the Medicaid eligibility income limit from a state's historic eligibility levels to 133% of the federal poverty level. As of December 31, 2018, 36 states and the District of Columbia implemented the expansion of Medicaid eligibility. All of the states in which we operate, however, already cover children in the first year of life and pregnant women if their household incomes are at or below 133% of the federal poverty level. If states that expanded Medicaid reduce or eliminate eligibility for certain individuals, the number of patients who are uninsured could increase. Some states may seek to maintain expanded eligibility and to do so could offset the cost by further reducing payments to providers of services. In some states, we could experience delayed or reduced Medicaid payment for services furnished to program enrollees.

Congress and the current Administration are also seeking substantial reforms to Medicaid law to grant states more autonomy and discretion to design Medicaid programs. These changes, if enacted, could reduce or eliminate eligibility for certain individuals, or allow states to reduce payments to providers of services. As a result, in some states, we could experience an increase in the number of uninsured patients and delayed or reduced Medicaid payment for services furnished to program enrollees.

The 2018 mid-term elections in November 2018 changed the balance of power in Congress and may change the direction of future health-related legislation. More recently, a federal judge in Texas declared that key portions of the ACA were inconsistent with the United States Constitution and specifically that the ACA cannot stand on its own since Congress repealed the individual mandate. Several states are now engaged in appealing this decision.

In addition, many states are continuing to collect less tax revenue than they did historically and as a consequence continue to face budget shortfalls and underfunded pension and other obligations. Although shortfalls have been declining in more recent budgetary years, they are still significant by historical standards. The financial condition of the states in which we do business could lead to reduced or delayed funding for Medicaid programs and, in turn, reduced or delayed reimbursement for physician services, which could adversely affect our results of operations, cash flows and financial condition.

The birth rate in the United States has declined and may decline further.

Final birth data for 2017 indicate that total births in the United States declined by approximately 2% as compared to 2016. Provisional data for 2018 is not yet available; however, we expect that birth trends at the hospitals where we provide services will continue to be soft in the near future. Future declines in births are possible and could have an adverse effect on our patient volumes, net revenue, results of operations, cash flows and financial condition.

Expanding eligibility of GHC Programs could adversely affect our reimbursement.

In January 2018, Congress reauthorized the Children's Health Insurance Program ("CHIP") through 2023 and then in February 2018 lengthened this funding extension through 2027. Changes to CHIP or the ACA's expansion of Medicaid coverage could cause patients who otherwise would have participated in private healthcare insurance programs to participate in GHC Programs, or vice versa, or cause patients who otherwise would have been covered by CHIP or Medicaid to lose insurance coverage altogether. Additional reform efforts, as well as legislative or administrative amendment or repeal of the ACA, could change the eligibility

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requirements for Medicaid and for other GHC Programs, including CHIP, and could increase the number of patients who participate in such programs or the number of uninsured patients. In general, payments received from GHC Programs are substantially less than payments received from private healthcare insurance programs (managed care and other third-party payors). A shift in the mix of our payors from private healthcare insurance programs to government payors may result in an increase in our estimated provision for contractual adjustments and uncollectibles and a corresponding decrease in our net revenue, as well as a significant reduction in our average reimbursement rates. Additionally, if Congress does not act to extend CHIP beyond 2027, or if Congress extends CHIP but substantially alters the current program, we could be adversely affected if children in states where we do business lose Medicaid coverage or payments for services furnished to these children are delayed or reduced.

Government-funded programs, private insurers or state laws and regulations may limit, reduce or make retroactive adjustments to reimbursement amounts or rates.

A significant portion of our net revenue is derived from payments made by GHC Programs, principally Medicare and Medicaid. These government-funded programs, as well as private insurers, have been and may continue to be subject to changes, including increased use of managed care organizations, value-based purchasing, and new patient care models to control the cost, eligibility for, use and delivery of healthcare services as a result of budgetary constraints and cost containment pressures due to unfavorable economic conditions, rising healthcare costs and for other reasons, including those described above under Item 1. Business—"Government Regulation—Government Regulatory Requirements." Federal and state legislatures or administrators of these government-funded programs and private insurers may attempt other measures to control costs, including bundling of services and denial of, or reduction in, reimbursement for certain services and treatments. In addition, increased consolidation among private insurers is resulting in fewer and larger third-party payors with increased negotiating power. As a result, payments from government programs or private payors may decrease significantly. Also, any adjustment in Medicare reimbursement rates may have a detrimental impact on our reimbursement rates not only for Medicare patients, but also for patients covered under Medicaid and other third-party payors, because a state's Medicaid payments cannot exceed the payments it would have made had those patients been enrolled in traditional Medicare, and other third-party payors often base their reimbursement rates on a percentage of Medicare rates. Our business may also be materially affected by limitations on, or reductions in, reimbursement amounts or rates or elimination of coverage for certain individuals or treatments. Moreover, because government-funded programs generally provide for reimbursements on a fee-schedule basis rather than on a charge-related basis, we generally cannot increase our revenue from these programs through increases in the amount we charge for our services. To the extent our costs increase, we may not be able to recover our increased costs from these programs, and cost containment measures and market changes in non-government-funded insurance plans have generally restricted our ability to recover, or shift to non-governmental payors, these increased costs. In addition, funds we receive from third-party payors are subject to audit with respect to the proper billing for physician and ancillary services and, accordingly, our revenue from these programs may be adjusted retroactively. Any retroactive adjustments to our reimbursement amounts could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

In addition, our agreements with certain third-party payors may be terminated for various reasons, requiring us to seek reimbursement as an out-of-network provider. In the event we attempt to balance-bill patients, we may be limited in our ability to do so by certain state laws and regulations. As these laws and regulations continue to develop in certain states, it could incentivize certain third-party payors to terminate agreements as a business strategy which could lower overall reimbursement to providers. Any reductions in reimbursement amounts could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. Further, if a federal government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid and Medicare, may be delayed. Similarly, if state government shutdowns were to occur, state payment obligations may be delayed. If

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the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial position, results of operations or cash flows may be materially affected.

We may become subject to billing investigations by federal and state government authorities and private insurers.

Federal and state laws, rules and regulations impose substantial penalties, including criminal and civil fines, monetary penalties, exclusion from participation in government healthcare programs and imprisonment, on entities or individuals (including any individual corporate officers or individual providers deemed responsible) that fraudulently or wrongfully bill government-funded programs or other third-party payors for healthcare services. CMS requires states to maintain a Medicaid Recovery Audit Contractor (“RAC”) program. States are required to contract with one or more eligible Medicaid RACs to review Medicaid claims for any overpayments or underpayments, and to recoup overpayments from providers on behalf of the state. In addition, federal laws, along with a growing number of state laws, allow a private person to bring a civil action in the name of the government for false billing violations. See Item 1. Business–“Government Regulation–Fraud and Abuse Provisions.” Moreover, the current Administration has expressed a desire to increase scrutiny of providers and payments for services to further minimize fraud and abuse of the program. In addition, our contracts with private insurers often provide such insurers with audit rights over payments made to us and the ability to seek recoupment for overpayments. We believe that audits, inquiries and investigations from government agencies and private insurers will occur from time to time in the ordinary course of our business, which could result in substantial costs to us and a diversion of management’s time and attention. New regulations and heightened enforcement activity also could materially affect our cost of doing business and our risk of becoming the subject of an audit or investigation. We cannot predict whether any future audits, inquiries or investigations, or the public disclosure of such matters, likely would have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. See Item 1. Business–“Government Investigations.”

The healthcare industry is highly regulated, and government authorities may determine that we have failed to comply with applicable laws, rules or regulations.

The healthcare industry and physicians’ medical practices, including the healthcare and other services that we and our affiliated physicians provide, are subject to extensive and complex federal, state and local laws, rules and regulations, compliance with which imposes substantial costs on us. Of particular importance are the provisions summarized as follows:

federal laws (including the federal FCA) that prohibit entities and individuals from intentionally (or with reckless disregard or deliberate ignorance) presenting or causing to be presented false or fraudulent claims to Medicare, Medicaid and other government-funded programs, or improperly retaining known overpayments;

a provision of the Social Security Act, commonly referred to as the “anti-kickback” statute, that prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration, in cash or in kind, in return for the referral or recommendation of patients for, or for the purchasing, leasing, ordering or arranging for, items and services for which payment may be made, in whole or in part, by federal healthcare programs, such as Medicare and Medicaid;

a provision of the Social Security Act, commonly referred to as the Stark Law, that, subject to certain exceptions, prohibits physicians from making a referral to an entity for certain “designated health services” if the physician, or an immediate family member, has a direct or indirect financial relationship (including a compensation arrangement) with the entity;

similar state law provisions pertaining to anti-kickback, fee splitting, self-referral and false claims, which typically are not limited to relationships involving government-funded programs;

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provisions of HIPAA that prohibit knowingly and willfully executing a scheme or artifice to defraud a healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services;

federal and state laws related to confidentiality, privacy and security of personal information, including medical information and records, that limit the manner in which we may use and disclose that information, impose obligations to safeguard that information and require that we notify third parties in the event of a breach;

state laws that prohibit general business corporations from practicing medicine, controlling physicians' medical decisions or engaging in certain practices, such as splitting fees with physicians;

federal and state laws governing participation in GHC Programs could result in denial of our application to become a participating provider or revocation of our participation or billing privileges, which in turn, could cause us to not be able to treat patients covered by the applicable program or prohibit us from billing for the treatment services provided to such patients;

federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented and billed using codes that accurately reflect the services rendered;

federal and state laws pertaining to the provision and coverage of services by non-physician practitioners, such as advanced nurse practitioners, physician assistants and other clinical professionals, physician supervision of such services and reimbursement requirements that may be dependent on the manner in which the services are provided and documented; and

federal laws that impose civil administrative sanctions for, among other violations, inappropriate billing of services to federal healthcare programs, inappropriately reducing hospital inpatient lengths of stay for such patients, or employing individuals who are excluded from participation in federally funded healthcare programs.

In addition, we believe that our business will continue to be subject to increasing regulation, the scope and effect of which we cannot predict. See Item 1. Business—"Government Regulation."

We may in the future become the subject of regulatory or other investigations, audits or proceedings, and our interpretations of applicable laws, rules and regulations may be challenged. For example, regulatory authorities or other parties may assert that our arrangements with our affiliated professional contractors constitute fee splitting or the corporate practice of medicine and seek to invalidate these arrangements, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. See Item 1. Business—"Government Regulation—Fee Splitting; Corporate Practice of Medicine." Regulatory authorities or other parties also could assert that our relationships, including fee arrangements, among our affiliated professional contractors, hospital clients or referring physicians violate the anti-kickback, fee splitting or self-referral laws and regulations or that we have submitted false claims or otherwise failed to comply with government program reimbursement requirements. See Item 1. Business—"Government Regulation—Fraud and Abuse Provisions" and "—Government Regulatory Requirements." Such investigations, proceedings and challenges could result in substantial defense costs to us and a diversion of management's time and attention. In addition, violations of these laws are punishable by monetary fines, civil and criminal penalties, exclusion from participation in GHC Programs, and forfeiture of amounts collected in violation of such laws and regulations, any of which could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

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Federal and state laws that protect the privacy and security of personal information may increase our costs and limit our ability to collect and use that information and subject us to liability if we are unable to fully comply with such laws.

Numerous federal and state laws, rules and regulations govern the collection, dissemination, use, security and confidentiality of personal information, including individually identifiable health information. These laws include:

Provisions of HIPAA that limit how covered entities and business associates may use and disclose PHI, provide certain rights to individuals with respect to that information and impose certain security requirements;

HITECH, which required OCR to strengthen and expand the HIPAA Privacy Rule and Security Rule and imposes data breach notification obligations;

Other federal and state laws restricting the use and protecting the privacy and security of personal information, including health information, many of which are not preempted by HIPAA;

Federal and state consumer protection laws; and

Federal and state laws regulating the conduct of research with human subjects.

As part of our business operations, including our medical record keeping, third-party billing, research and other services, we collect and maintain PHI in paper and electronic format. Standards related to health information, whether implemented pursuant to HIPAA, HITECH, state laws, federal or state action or otherwise, could have a significant effect on the manner in which we handle personal information, including PHI, and communicate with payors, providers, patients and others, and compliance with these standards could impose significant costs on us or limit our ability to offer services, thereby negatively impacting the business opportunities available to us.

If we are alleged to not comply with existing or new laws, rules and regulations related to PHI or other personal information we could be subject to litigation and to sanctions that include monetary fines, civil or administrative penalties, civil damage awards or criminal penalties.

Government authorities or other parties may assert that our business practices violate antitrust laws.

The healthcare industry is subject to close antitrust scrutiny. The FTC, the Antitrust Division of the DOJ and state Attorneys General all actively review and, in some cases, take enforcement action against business conduct and acquisitions in the healthcare industry. Private parties harmed by alleged anticompetitive conduct can also bring antitrust suits. Violations of antitrust laws may be punishable by substantial penalties, including significant monetary fines and treble damages, civil penalties, criminal sanctions, and consent decrees and injunctions prohibiting certain activities or requiring divestiture or discontinuance of business operations. Any of these penalties could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Our affiliated physicians and other individual providers may not appropriately record or document services that they provide.

Our affiliated physicians and other individual providers are responsible for appropriately recording and documenting the services that they provide. We use this information to seek reimbursement for their services from third-party payors. In addition, we utilize third-party contractors to perform certain revenue cycle management functions for healthcare providers, including medical coding. If our affiliated physicians or other individual providers and third-party contractors do not appropriately document, or where applicable, code for their services or our customers' services, we could be subjected to administrative, regulatory, civil, or criminal investigations or sanctions and our business, financial condition, results of operations and cash flows could be materially adversely affected.

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Failure to manage third-party service providers may adversely affect our ability to maintain the quality of service that we provide.

We outsource a certain portion of our revenue cycle management functions to third-party service providers, but we may increase the amount of revenue cycle management functions we outsource in the future. These functions are performed both domestically and in offshore locations, with our oversight. If our outsourcing partners fail to perform their obligations in a timely manner or at satisfactory quality levels or if they are unable to attract or retain sufficient personnel with the necessary skill sets to meet our outsourcing needs, the efficiency, effectiveness and quality of our services could suffer. In addition, our reliance on a workforce in other countries exposes us to disruptions in the business, political and economic environment in those regions. Further, any changes to existing laws or the enactment of new legislation restricting offshore outsourcing in the United States may adversely affect our ability to outsource functions to third-party offshore service providers. Our ability to manage any difficulties encountered could be largely outside of our control. In addition, payors may have prohibitions or restrictions on the use of third-party service providers and/or require notice for the use of such third-party service providers. Diminished service quality from outsourcing, our inability to utilize offshore service providers or the failure to comply with restrictions on the use of third-party service providers could have an adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

We may not find suitable acquisition candidates or successfully integrate our acquisitions. Our acquisitions may expose us to greater business risks and could affect our payor mix.

We have expanded and continue to seek to expand our presence in new and existing metropolitan areas by acquiring established neonatal, radiology, anesthesia, maternal-fetal, pediatric cardiology and other complementary pediatric subspecialty physician group practices. Also, both independently and in collaboration with our hospital partners, we may seek to expand into other specialties and subspecialties. In addition, we have acquired physician and other healthcare services companies that are complementary to our physician practices.

Our acquisition strategy involves numerous risks and uncertainties, including:

We may not be able to identify suitable acquisition candidates or strategic opportunities or implement successfully or realize the expected benefits of any suitable opportunities. In addition, we compete for acquisitions with other potential acquirers, some of which may have greater financial or operational resources than we do. This competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase our acquisition costs.

We may not be able to complete acquisitions of physician practices or services companies or we may complete acquisitions on less favorable terms as a result of changes in tax laws, financial market or other economic or market conditions.

We may not be able to successfully integrate completed acquisitions, including our recent acquisitions. Integrating completed acquisitions into our existing operations involves numerous short-term and long-term risks, including diversion of our management's attention, failure to retain key personnel, long-term value of acquired intangible assets and acquisition expenses. In addition, we may be required to comply with laws, rules and regulations that may differ not only from those of the states in which our operations are currently conducted but from an expansion in the service offerings we provide in certain states for which the laws, rules and regulations may be different.

We cannot be certain that any acquired business will continue to maintain its pre-acquisition revenue and growth rates or be financially successful. In addition, we cannot be certain of the extent of any unknown or contingent liabilities of any acquired business, including liabilities for failure to comply with applicable laws, or liabilities relating to medical malpractice claims. Generally we obtain indemnification agreements from the sellers of businesses acquired with respect to pre-closing acts, omissions and other similar risks. It is possible that we may seek to enforce indemnification provisions

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in the future against sellers who may no longer have the financial wherewithal to satisfy their obligations to us. Accordingly, we may incur material liabilities for past activities of acquired businesses.

We could incur or assume indebtedness and issue equity in connection with acquisitions. The issuance of shares of our common stock for an acquisition may result in dilution to our existing shareholders and, depending on the number of shares that we issue, the resale of such shares could affect the trading price of our common stock.

We may acquire businesses that derive a greater portion of their revenue from GHC Programs than what we recognize on a consolidated basis or that have business models with lower operating margins than ours. These acquisitions could affect our overall payor mix or operating results in future periods.

Acquisitions of practices and services companies could entail financial and operating risks not fully anticipated. Such acquisitions could divert management's attention and our resources.

An acquisition could be subject to a challenge under the antitrust laws either before or after it is consummated. Such a challenge could involve substantial legal costs and divert management's attention and resources and could result in us having to abandon the transaction or make a divestiture.

We may not be able to successfully execute our same-unit and organic growth strategies.

In addition to our acquisition growth strategy, we seek opportunities for increasing revenue from our existing operations through same-unit and organic growth strategies. We also seek opportunities to grow organically outside of our existing operations. We may not be able to successfully execute our same-unit and organic growth strategies for reasons including the following:

We may not be able to expand the services that our affiliated physicians provide to our hospital partners or the services provided by our services companies to their customers.

We may not be able to attract referrals to our office-based practices or neonatology transports to our hospital-based units.

We may not be able to execute new contractual arrangements with hospitals, including through joint ventures, where we either currently provide or do not currently provide physician services.

We may not be able to work with our hospital partners to develop integrated services programs for which we become a multi-specialty provider of solutions within the maternal-fetal, newborn, pediatric continuum of care.

We may not accurately project same-unit and organic growth performance, or we may experience a shift in the mix of services that certain of our customers request from us, potentially resulting in lower margins.

In addition, certain of our organic growth strategies may involve risks and uncertainties similar to those for our acquisition strategy. See "We may not find suitable acquisition candidates or successfully integrate our acquisitions. Our acquisitions may expose us to greater business risks and could affect our payor mix."

We may not be able to maintain effective and efficient information systems or properly safeguard our information systems.

Our operations are dependent on uninterrupted performance of our information systems. Failure to maintain reliable information systems, disruptions in our existing information systems or the implementation of new systems could cause disruptions in our business operations, including errors and delays in billings and collections, difficulty satisfying requirements under hospital contracts, disputes with patients and payors, violations of patient privacy and confidentiality requirements and other regulatory requirements, increased administrative expenses and other adverse consequences.

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In addition, information security risks have generally increased in recent years because of new technologies and the increased activities of perpetrators of cyber-attacks resulting in the theft of protected health, business or financial information. Despite our layered security controls, experienced computer programmers and hackers may be able to penetrate our information systems and misappropriate or compromise sensitive patient or personnel information or proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy viruses, worms and other malicious software programs that disable our systems or otherwise exploit any security vulnerabilities. Outside parties may also attempt to fraudulently induce employees to take actions, including the release of confidential or sensitive information or to make fraudulent payments, through illegal electronic spamming, phishing or other 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 PHI, confidential or proprietary business information or cause financial loss, 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 reasonable and appropriate 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. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential customers and disruption of our operations, including, without limitation, our billing processes. In addition, breaches of our security measures and the unauthorized dissemination of patient healthcare and other sensitive information, proprietary or confidential information about us, our patients, clients or customers, or other third-parties, could expose such persons' personal information to the risk of financial or medical identity theft or expose us or such persons to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business. Additionally, under certain circumstances, we could be excluded temporarily or permanently from certain commercial or GHC Programs. Any of these disruptions or breaches of security could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Our employees and business partners may not appropriately secure and protect confidential information in their possession.

Each of our employees and business partners is responsible for the security of the information in our systems or under our control and to ensure that private and financial information is kept confidential. Should an employee or business partner not follow appropriate security measures, including those related to cyber threats or attacks or other tactics, as well as our privacy and security policies and procedures, the improper release of personal information, including PHI, or confidential business or financial information, or misappropriation of assets could result. The release of such information or misappropriation of assets could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

We may not be able to successfully recruit, onboard and retain qualified physicians and other clinicians and other personnel, and our compensation expense for existing clinicians and other personnel may increase.

We are dependent upon our ability to recruit and retain a sufficient number of qualified physicians and other clinicians and other personnel to service existing units at hospitals and our affiliated practices, service our existing customers' radiology read volumes and expand our business. We compete with many types of healthcare providers, including teaching, research and government institutions, hospitals and health systems and other practice and services groups, for the services of qualified clinicians. We may not be able to continue to recruit new clinicians or other personnel or renew contracts with existing clinicians or other personnel on acceptable terms. In addition, the recruiting and onboarding process for certain of our physicians and other clinicians can

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take several months, or longer, to complete due to various requirements, including state licensing and hospital credentialing. In addition, if the demand exceeds the supply for physicians and other clinicians and personnel either in general or in specific markets, we could experience an increase in compensation expense, including premium pay and agency labor costs. If we are unable to recruit new physicians, renew contracts on acceptable terms or onboard physicians, clinicians and other personnel in a reasonable period of time, our ability to service existing or new hospital units, staff existing or new office-based practices and service our existing or new customer radiology read volumes could be adversely affected. In addition, if we experience a higher rate of growth in compensation expense, our business, financial condition, results of operations, cash flows and the trading price of our securities could be materially, adversely affected.

A significant number of our affiliated physicians or other clinicians could leave our affiliated practices or our affiliated professional contractors may be unable to enforce the non-competition covenants of departed physicians.

Our affiliated professional contractors usually enter into employment agreements with our affiliated physicians. Certain of our employment agreements can be terminated without cause by any party upon prior written notice. In addition, substantially all of our affiliated physicians have agreed not to compete within a specified geographic area for a certain period after termination of employment. The law governing non-compete agreements and other forms of restrictive covenants varies from state to state. Although we believe that the non-competition and other restrictive covenants applicable to our affiliated physicians are reasonable in scope and duration and therefore enforceable under applicable state law, courts and arbitrators in some states may be reluctant to enforce non-compete agreements and restrictive covenants against physicians. In addition, we may incur significant legal fees to pursue enforcement of such agreements and restrictive covenants. Our affiliated physicians or other clinicians may leave our affiliated practices for a variety of reasons, including in order to provide services for other types of healthcare providers, such as teaching, research and government institutions, hospitals and health systems and other practice groups. If a substantial number of our affiliated physicians or other clinicians leave our affiliated practices, we could incur significant legal fees to pursue enforcement of certain covenants within employment agreements or if our affiliated professional contractors are unable to enforce the non-competition covenants in the employment agreements, our business, financial condition, results of operations and cash flows could be materially, adversely affected.

Our treatment of certain physicians and other clinicians as independent contractors may be challenged by taxing authorities or other governmental agencies.

Certain of our affiliated physicians and other clinicians are treated as independent contractors, as opposed to employees, and, accordingly, we do not withhold federal income, state income, FICA, or other employment related taxes from these individuals' compensation, make federal income, state income, FICA, or unemployment tax or other related payments, provide workers' compensation insurance or allow them to participate in the benefits and retirement programs available to our employees, or apply federal or state employee requirements. The classification of physicians and other clinicians as independent contractors depends on the facts and circumstances of the relationship. Additionally, under current federal tax law, a safe harbor from reclassification, and consequently retroactive taxes and penalties, is available if our current treatment is consistent with a long-standing practice of a significant segment of our industry and if we meet certain other requirements. In the past, there have been proposals to eliminate the safe harbor, and similar proposals may happen again in the future. If taxing authorities or other governmental agencies are successful in challenging our treatment of these physicians and other clinicians as independent contractors, and we do not prevail in demonstrating the applicability of the safe harbor to our operations or the safe harbor is eliminated, we may be required to pay retroactive employment taxes and penalties and reclassify such independent contractors to employees. In addition, such independent contractors could claim retroactive entitlements to various employee benefits. Any of these actions would increase our costs related to these physicians and our business, financial condition, results of operations and cash flows could be materially, adversely affected.

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We may be subject to medical malpractice and other lawsuits not covered by insurance.

Our business entails an inherent risk of claims of medical malpractice against our affiliated physicians and us. We may also be subject to other lawsuits which may involve large claims and significant defense costs. Although we currently maintain liability insurance coverage intended to cover professional liability and other claims, there can be no assurance that our insurance coverage will be adequate to cover liabilities arising out of claims asserted against us where the outcomes of such claims are unfavorable to us. Generally, we self-insure our liabilities to pay retention amounts for professional liability matters through a wholly owned captive insurance subsidiary. Liabilities in excess of our insurance coverage, including coverage for professional liability and other claims, could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. See Item 1. Business–“Other Legal Proceedings” and–“Professional and General Liability Coverage.”

The reserves that we have established related to our professional liability losses are subject to inherent uncertainties and if a deficiency is determined this may lead to a reduction in our net earnings.

We have established reserves for losses and related expenses that represent estimates involving actuarial projections. These actuarial projections are developed at a given point in time and represent our expectations of the ultimate resolution and administration of costs of losses incurred with respect to professional liability risks for the amount of risk retained by us. Insurance reserves are inherently subject to uncertainty. Our reserve estimates are based on actuarial valuations using historical claims, demographic factors, industry trends, severity and exposure factors and other actuarial assumptions. The estimates of projected ultimate losses are developed at least annually. Our reserves could be significantly affected should current and future occurrences differ from historical claim trends and expectations. While claims are monitored closely when estimating reserves, the complexity of the claims and wide range of potential outcomes often hamper timely adjustments to the assumptions used in these estimates. Actual losses and related expenses may deviate, perhaps substantially, from the reserve estimates reflected in our financial statements. If our estimated reserves are determined to be inadequate, we will be required to increase reserves at the time the deficiency is determined. See Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations–“Application of Critical Accounting Policies and Estimates–Professional Liability Coverage.”

We may write-off intangible assets, such as goodwill.

The carrying value of our intangible assets, which consists primarily of goodwill related to our acquisitions, is subject to testing at least annually, and more frequently if impairment indicators exist. Under current accounting standards, goodwill is tested for impairment on an annual basis and we may be subject to impairment losses as circumstances change after an acquisition. If we record an impairment loss related to our goodwill, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

We may not effectively manage our growth.

We have experienced significant growth in our business, including growth outside of our core physician specialties. Growth in the number of our employees and affiliated physicians in recent years places significant demands on our financial, operational and management resources. Continued growth may impair our ability to provide our services efficiently and to manage our employees adequately. While we are taking steps to manage our growth, our future results of operations could be materially, adversely affected if we are unable to do so effectively.

Our quarterly results will likely fluctuate from period to period.

We have historically experienced and expect to continue to experience quarterly fluctuations in net revenue and net income. For example, we typically experience negative cash flow from operations in the first quarter of

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each year, principally as a result of bonus payments to affiliated physicians as well as discretionary matching contributions for participants in our qualified contributory savings plans. In addition, a significant number of our employees and associated professional contractors (primarily affiliated physicians) exceed the level of taxable wages for social security contributions during the first and second quarters. As a result, we incur a significantly higher payroll tax burden and our net income is lower during those quarters. Moreover, a lower number of calendar days are present in the first and second quarters of the year as compared to the remainder of the year. Because we provide services in the NICU on a 24-hours-a-day basis, 365 days a year, any reduction in service days will have a corresponding reduction in net revenue. In addition, any reduction in office days in our office-based practices or business days in our anesthesia practices will also have a corresponding reduction in net revenue. We also have significant fixed operating costs, including costs for our affiliated physicians, and as a result, are highly dependent on patient volume and capacity utilization of our affiliated physicians to sustain profitability. Quarterly results may also be impacted by the timing of acquisitions and any fluctuation in patient volume. As a result, our results of operations for any quarter are not indicative of results of operations for any future period or full fiscal year.

Our current indebtedness and any future indebtedness could adversely affect us by reducing our flexibility to respond to changing business and economic conditions and expose us to interest rate risk to the extent of any variable rate debt. In addition, a certain portion of our interest expense may not be deductible.

As of December 31, 2018, our total indebtedness was \$2.0 billion, of which \$739.5 million was exposed to variable interest rates. We also had \$1.3 billion of additional borrowing capacity under our revolving line of credit which was subject to a variable interest rate. Other debt we incur also could be variable rate debt. In addition, the Tax Cuts and Jobs Act of 2017 places certain limitations on the deductibility of interest expense at a percentage of taxable income. If interest rates increase, our variable rate debt will create higher debt service requirements, and if interest expense increases beyond a specified percentage of taxable income, a portion of that interest expense may not be deductible for income tax purposes, which could adversely affect our results of operations and cash flows.

We have limited restrictions on incurring substantial additional indebtedness in the future. Our current indebtedness and any future increases in leverage could have adverse consequences on us, including:

- a substantial portion of our cash flow from operations will be required to service interest and principal payments on our debt and will not be available for operations, working capital, capital expenditures, expansion, acquisitions, dividends or general corporate or other purposes;

- our ability to obtain additional financing in the future may be impaired;

- we may be more highly leveraged than our competitors, which may place us at a competitive disadvantage;

- our flexibility in planning for, or reacting to, changes in our business and industry may be limited; and

- we may be more vulnerable in the event of a downturn in our business, our industry or the economy in general.

Our ability to make payments on and to refinance our debt will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, business, financial, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our revolving line of credit in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt, including our revolving line of credit and senior notes, on commercially reasonable terms or at all.

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Servicing our debt requires a significant amount of cash.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service requirements, we may be forced to reduce or delay acquisitions or other investments, or to seek additional capital, or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in other defaults, disrupt our operations and cause a reduction of our credit rating, which could further harm our ability to finance or refinance our obligations and business operations. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

The value of our common stock may fluctuate.

There has been significant volatility in the market price of securities of healthcare companies generally that we believe in many cases has been unrelated to operating performance. In addition, we believe that certain factors, such as actual and potential legislative and regulatory developments, including announced regulatory investigations, quarterly fluctuations in our actual or anticipated results of operations, lower revenue or earnings than those anticipated by securities analysts, not meeting publicly announced expectations, and general economic and financial market conditions, could cause the price of our common stock to fluctuate substantially.

We may not be able to collect reimbursements for our services from third-party payors.

A significant portion of our net revenue is derived from reimbursements from various third-party payors, including GHC Programs, private insurance plans and managed care plans, for services provided by our affiliated professional contractors. We are responsible for submitting reimbursement requests to these payors and collecting the reimbursements, and we assume the financial risks relating to uncollectible and delayed reimbursements. In the current healthcare environment, payors continue their efforts to control expenditures for healthcare, including revisions to coverage and reimbursement policies. Due to the nature of our business and our participation in government-funded and private reimbursement programs, we are involved from time to time in inquiries, reviews, audits and investigations by governmental agencies and private payors of our business practices, including assessments of our compliance with coding, billing and documentation requirements. We may be required to repay these agencies or private payors if a finding is made that we were incorrectly reimbursed, or we may become involved in disputes with payors and could be subjected to pre-payment and post-payment reviews, which can be time-consuming and result in non-payment or delayed payment for the services we provide. We may also experience difficulties in collecting reimbursements because third-party payors may seek to reduce or delay reimbursements to which we are entitled for services that our affiliated physicians have provided or they experience administrative issues that result in a delay in reimbursements. In addition, GHC Programs may deny our application to become a participating provider that could cause us to not be able to provide services to patients or prohibit us from billing for such services. If we are not reimbursed fully and in a timely manner for such services or there is a finding that we were incorrectly reimbursed, our revenue, cash flows and financial condition could be materially, adversely affected. In addition, we may choose to challenge certain GHC reimbursement decisions through administrative appeal mechanisms. Currently, many of those appeal pathways are backlogged and slow to provide resolution, further affecting our ability to collect reimbursement for services rendered.

In addition, adverse economic conditions could affect the timeliness and amounts received from our third-party and government payors which would impact our short-term liquidity needs.

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Hospitals or other customers may terminate their agreements with us, our physicians may lose the ability to provide services in hospitals or administrative fees paid to us by hospitals may be reduced.

Our net revenue is derived primarily from fee-for-service billings for patient care and other services provided by our affiliated physicians and from administrative fees paid to us by hospitals. See Item 1. Business—“Relationships with Our Partners—Hospitals.” Our hospital partners or other customers may cancel or not renew their contracts with us, may reduce or eliminate our administrative fees in the future, or refuse to pay us our administrative fees if we fail to honor the terms of our agreement or fail to meet certain performance metrics under those agreements. Further, consolidation of hospitals, health care systems or other customers could adversely affect our ability to negotiate with these entities. Adverse economic conditions, including decreased federal and state funding to hospitals, could influence future actions of our hospital partners or other customers. To the extent that our arrangements with our hospital partners or other customers are canceled, or are not renewed or replaced with other arrangements having at least as favorable terms, our business, financial condition and results of operations could be adversely affected. In addition, to the extent our affiliated physicians lose their privileges in hospitals or hospitals enter into arrangements with or employ other physicians, including our existing affiliated physicians, our business, financial condition, results of operations and cash flows could be materially, adversely affected.

Hospitals could limit our ability to use our management information systems in our units by requiring us to use their own management information systems.

Our management information systems, including BabySteps® and the MEDNAX Qualified Clinical Data Registry are used to support our day-to-day operations and ongoing clinical research and business analysis. If a hospital prohibits us from using our own management information systems, it may interrupt the efficient operation of our information systems which, in turn, may limit our ability to operate important aspects of our business, including billing and reimbursement as well as research and education initiatives. This inability to use our management information systems at hospital locations may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our industry is highly competitive.

The healthcare industry is highly competitive and subject to continual changes in the methods by which services are provided and the manner in which healthcare providers are selected and compensated. Because our operations consist primarily of physician services provided within hospital-based units, we compete with other healthcare services companies and physician groups for contracts with hospitals to provide our services to patients. We also face competition from hospitals themselves to provide our services. In addition, we face competition from other services companies in our teleradiology business and management services organization.

Further, consolidation within the healthcare industry could strengthen certain competitors that provide services to hospitals and other customers. Companies in other healthcare industry segments, some of which have greater financial and other resources than ours, may become competitors in providing neonatal, anesthesia, maternal-fetal, radiology or other pediatric subspecialty care. Additionally, we face competition from healthcare-focused and other private equity firms. We may not be able to continue to compete effectively in this industry, additional competitors may enter metropolitan areas where we operate, and this increased competition may have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Unfavorable changes or conditions could occur in the states where our operations are concentrated.

A majority of our net revenue in 2018 was generated by our operations in five states. In particular, Texas accounted for approximately 20% of our net revenue in 2018. See Item 1. Business—“Geographic Coverage.” Adverse changes or conditions affecting these particular states, such as healthcare reforms, changes in laws and

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regulations, reduced Medicaid eligibility or reimbursements and government investigations, economic conditions, weather conditions, and natural disasters may have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

We are dependent upon our key management personnel for our future success.

Our success depends to a significant extent on the continued contributions of our key management personnel, including our Chief Executive Officer, Roger J. Medel, M.D., for the management of our business and implementation of our business strategy. The loss of Dr. Medel or other key management personnel could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

We are subject to litigation risks.

From time to time, we are involved in various litigation matters and claims, including regulatory proceedings, administrative proceedings, governmental investigations, and contract disputes, as they relate to our services and business. We may face potential claims or liability for, among other things, breach of contract, defamation, libel, fraud or negligence. Our contracts with hospitals generally require us to indemnify them and their affiliates for losses resulting from the negligence of our affiliated physicians and other clinicians. We may also face employment-related litigation, including claims of age discrimination, sexual harassment, gender discrimination, immigration violations, or other local, state, and federal labor law violations. Because of the uncertain nature of litigation and insurance coverage decisions, the outcome of such actions and proceedings cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. In addition, legal fees and costs associated with prosecuting and defending litigation matters could have a material adverse effect on our business, financial condition, results of operation and the trading price of our securities.

If our shareholders do not approve the issuance of additional shares of common stock under our Amended and Restated 2008 Incentive Compensation Plan, as amended (the "Incentive Plan"), or a new incentive plan, we may not have sufficient shares of common stock under the Incentive Plan to implement our compensation plans, our ability to attract and retain talent may be hindered, and our cash flows may be reduced.

We have historically used restricted stock, stock options and other equity awards as a component of our employee and director compensation programs to align our directors', officers' and employees' interests with the interests of our shareholders, encourage employee retention and provide competitive compensation packages. As of February 13, 2019, there were approximately 50,600 shares of common stock available for issuance under the Incentive Plan. We intend to seek shareholder approval at our upcoming annual meeting of shareholders for the issuance of additional shares of common stock under the Incentive Plan or a new incentive plan. If we do not obtain shareholder approval to increase the number of shares of common stock available for issuance under the Incentive Plan or a new incentive plan, we may be required to use a greater percentage of our cash flow for incentive, retention, and hiring payments, which would reduce the cash flow available for other purposes and could have a material adverse effect on our ability to attract and retain talent necessary to run our business.

Provisions of our articles and bylaws could deter takeover attempts, but our business could be negatively affected as a result of shareholder activism.

Our Amended and Restated Articles of Incorporation, as amended, authorize our Board of Directors to issue up to 1,000,000 shares of undesignated preferred stock and to determine the powers, preferences and rights of these shares without shareholder approval. This preferred stock could be issued with voting, liquidation, dividend and other rights superior to those of the holders of common stock. The issuance of preferred stock under some circumstances could have the effect of delaying, deferring or preventing a change in control. In addition,

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provisions in our Amended and Restated Articles of Incorporation, as amended, and Bylaws, including those relating to calling shareholder meetings, taking action by written consent and other matters, could render it more difficult or discourage an attempt to obtain control of MEDNAX through a proxy contest or consent solicitation, however, there is no assurance that these provisions would have such an effect. These provisions could limit the price that some investors might be willing to pay in the future for our shares of common stock. Notwithstanding these provisions, we could become the target of activist shareholders who acquire ownership positions in our common stock and seek to influence our company. Responding to actions by activist shareholders can be costly and time-consuming, disrupt our business and divert the attention of our Board of Directors, management and employees. Additionally, perceived uncertainties as to our future direction as a result of shareholder activism may lead to the perception of a change in the direction of our business or other instability, which may be exploited by our competitors, cause concern to our current or potential customers and acquisition candidates, and make it more difficult for us to attract and retain qualified personnel, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows and the trading prices of our securities. In addition, the trading prices of our securities may experience periods of increased volatility as a result of shareholder activism.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our two corporate office buildings, which we own, are located in Sunrise, Florida and contain 260,000 square feet of office space. We also own an office building used for our management services organization call center operations covering 175,000 square feet in Cascade Falls, Michigan. We also lease space in hospitals and other facilities for our business and medical offices, and other needs. See Note 16 to the Consolidated Financial Statements in this Form 10-K, which is incorporated herein by reference. We believe that our facilities and the equipment used in our business are in good condition, in all material respects, and sufficient for our present needs.

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item is included in and incorporated herein by reference to Item 1. Business of this Form 10-K under “Government Investigations” and “Other Legal Proceedings.”

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

Common Stock

Our common stock is traded on the New York Stock Exchange (the "NYSE") under the symbol "MD."

As of February 7, 2019, we had 326 holders of record of our common stock, and the closing sales price on that date for our common stock was \$36.32 per share. We believe that the number of beneficial owners of our common stock is greater than the number of record holders because a significant number of shares of our common stock is held through brokerage firms in "street name."

Dividend Policy

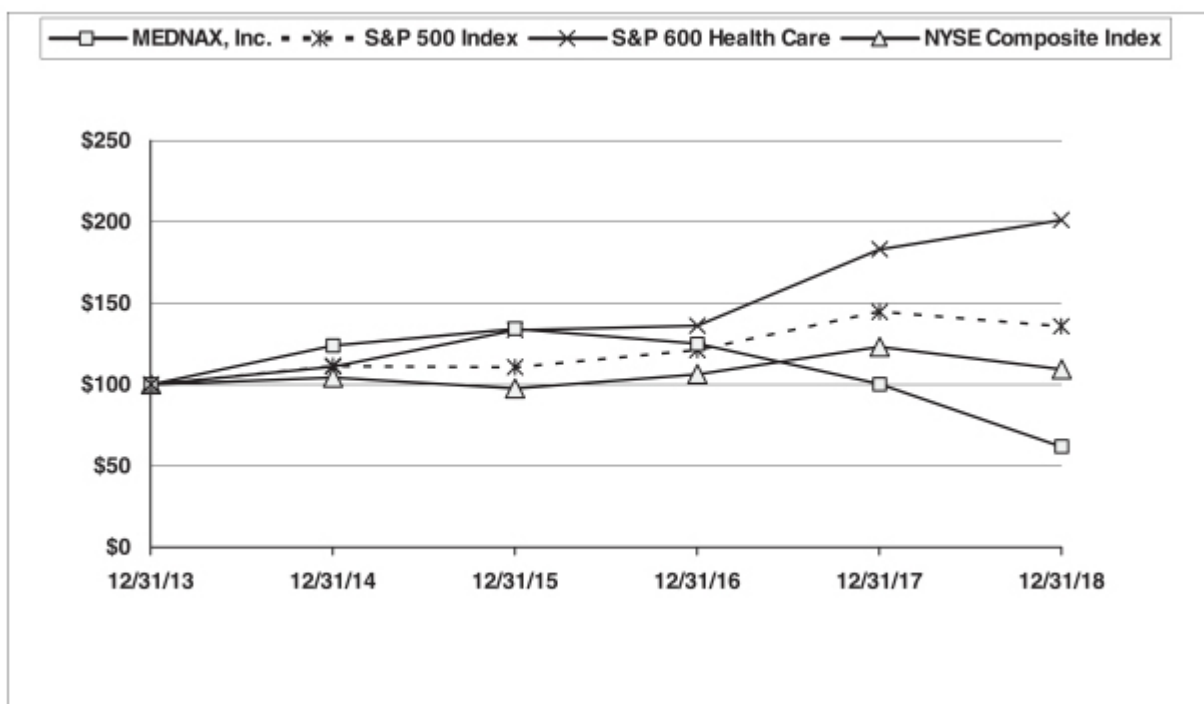
We did not declare or pay any cash dividends on our common stock in 2018, 2017, or 2016, nor do we currently intend to declare or pay any cash dividends in the future. The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon, among other things, future earnings, results of operations, capital requirements, our general financial condition, general business conditions and contractual restrictions on payment of dividends, if any, as well as such other factors as our Board of Directors may deem relevant. Our credit agreement (the "Credit Agreement") imposes certain limitations on our ability to declare and pay cash dividends. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—"Liquidity and Capital Resources."

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Performance Graph

The following graph compares the cumulative total shareholder return on \$100 invested on December 31, 2013 in our common stock against the cumulative total return of the S&P 500 Index, S&P 600 Health Care Index, and the NYSE Composite Index. The returns are calculated assuming reinvestment of dividends. The graph covers the period from December 31, 2013 through December 31, 2018. The stock price performance included in the graph is not necessarily indicative of future stock price performance.

The performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this annual report into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.



Company/Index	Base Period	Years Ending				
	2013	2014	2015	2016	2017	2018
MEDNAX, Inc.	\$100.00	\$123.85	\$134.25	\$124.88	\$100.11	\$61.82
S&P 500 Index	\$100.00	\$111.39	\$110.58	\$121.13	\$144.65	\$135.63
S&P 600 Health Care	\$100.00	\$110.92	\$133.53	\$136.13	\$183.06	\$200.95
NYSE Composite Index	\$100.00	\$104.22	\$97.53	\$106.31	\$123.16	\$109.37

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Issuer Purchases of Equity Securities

During the three months ended December 31, 2018, 1,662,616 shares of our common stock were delivered to us in connection with the final settlement of our August 2018 accelerated share repurchase program.

<u>Period</u>	<u>Total Number of Shares Repurchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as part of the Repurchase Program</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Repurchase Programs (a)</u>
October 1 - October 31, 2018	–	\$–	–	(a)
November 1 - November 30, 2018	–	–	–	(a)
December 1 - December 31, 2018	1,662,616	\$42.47 (b)	5,886,480	(a)
Total	1,662,616	\$42.47	5,886,480	(a)

- (a) We have two active repurchase programs. Our July 2013 repurchase program allows us to repurchase shares of our common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares under our equity compensation programs, which was estimated to be approximately 1.1 million shares for 2018 and is estimated to be approximately 1.3 million shares for 2019. The share repurchases under that program for 2018 were completed during the second quarter of 2018. Our August 2018 repurchase program allows us to repurchase up to an additional \$500.0 million of shares of our common stock, of which we have repurchased \$250.0 million, inclusive of the shares delivered to us in the table above representing the final settlement of our accelerated share repurchase program entered into on August 31, 2018.
- (b) Represents the average price paid per share for the \$250.0 million accelerated share repurchase program entered into on August 31, 2018.

The amount and timing of any future repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

Recent Sales of Unregistered Equity Securities

During the three months ended December 31, 2018, we did not sell any unregistered shares of our equity securities.

Equity Compensation Plans

Information regarding equity compensation plans is set forth in Item 12 of this Form 10-K and is incorporated herein by reference.

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ITEM 6. SELECTED FINANCIAL DATA

The following table includes selected consolidated financial data set forth as of and for each of the five years in the period ended December 31, 2018. The balance sheet data at December 31, 2018 and 2017, and the income statement data for the years ended December 31, 2018, 2017 and 2016, have been derived from the Consolidated Financial Statements included in this Form 10-K. This selected financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our Consolidated Financial Statements and the related notes included in Items 7 and 8, respectively, of this Form 10-K (in thousands, except per share and other operating data).

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Consolidated Income Statement Data:					
Net revenue (1)	\$3,647,123	\$3,458,312	\$3,183,159	\$2,779,996	\$2,438,913
Operating expenses:					
Practice salaries and benefits	2,535,588	2,337,734	2,031,220	1,753,505	1,543,395
Practice supplies and other operating expenses	122,028	120,518	118,416	98,480	89,002
General and administrative expenses	432,378	417,105	372,572	305,915	247,527
Depreciation and amortization	111,281	102,879	89,264	64,228	45,990
Total operating expenses	3,201,275	2,978,236	2,611,472	2,222,128	1,925,914
Income from operations	445,848	480,076	571,687	557,868	512,999
Investment and other income	4,935	3,953	2,019	1,844	2,728
Interest expense	(88,769)	(74,559)	(63,092)	(23,110)	(8,891)
Equity in earnings of unconsolidated affiliates	6,825	952	3,185	3,127	1,780
Total non-operating expenses	(77,009)	(69,654)	(57,888)	(18,139)	(4,383)
Income before income taxes	368,839	410,422	513,799	539,729	508,616
Income tax provision	(100,210)	(90,050)	(189,203)	(204,038)	(191,413)
Net income	268,629	320,372	324,596	335,691	317,203
Net loss attributable to noncontrolling interests	–	–	318	629	78
Net income attributable to MEDNAX, Inc.	\$268,629	\$320,372	\$324,914	\$336,320	\$317,281
Per Common and Common Equivalent Share Data:					
Net income attributable to MEDNAX, Inc.:					
Basic	\$2.95	\$3.47	\$3.52	\$3.61	\$3.22
Diluted	\$2.93	\$3.45	\$3.49	\$3.58	\$3.18
Weighted average common shares:					
Basic	91,104	92,431	92,422	93,077	98,588
Diluted	91,606	92,958	93,109	93,960	99,887
Other Operating Data:					
Number of physicians at end of year	4,214	4,083	3,617	3,240	2,625
Number of births	793,918	808,465	807,285	803,311	799,868
NICU admissions	113,485	112,965	112,184	111,407	108,978
NICU patient days	1,977,516	1,990,521	1,977,204	1,960,768	1,919,579
Number of anesthesia cases	1,844,451	1,924,952	1,827,194	1,533,089	1,284,149
Number of radiology studies (2)	11,505,524	10,166,227	5,755,853	5,317,309	–
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$36,745	\$60,200	\$55,698	\$51,572	\$47,928
Working capital	157,216	95,810	138,179	98,998	50,779
Total assets	5,934,911	5,867,278	5,339,400	4,547,214	3,608,248
Total liabilities	2,847,027	2,800,824	2,578,633	2,109,368	1,342,682
Borrowings under credit facility	739,500	1,110,500	963,500	533,500	568,000
Senior notes outstanding	1,250,000	750,000	750,000	750,000	–
Total equity	3,087,884	3,066,454	2,760,767	2,437,846	2,265,566

(1) The increase in net revenue related to acquisitions was \$102.1 million, \$256.0 million, \$356.4 million, \$345.7 million, and \$205.4 million for the years ended December 31, 2018, 2017, 2016, 2015, and 2014, respectively.

(2) Represents estimated annualized number of studies for years in which acquisitions took place.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion highlights the principal factors that have affected our financial condition and results of operations as well as our liquidity and capital resources for the periods described. This discussion should be read in conjunction with our Consolidated Financial Statements and the related notes included in Item 8 of this Form 10-K. This discussion contains forward-looking statements. Please see the explanatory note concerning "Forward-Looking Statements" preceding Part I of this Form 10-K and Item 1A. Risk Factors for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements. The operating results for the periods presented were not significantly affected by inflation.

OVERVIEW

MEDNAX is a leading provider of physician services including newborn, anesthesia, radiology and teleradiology, maternal-fetal, pediatric cardiology and other pediatric subspecialty care in 39 states and Puerto Rico. At December 31, 2018, our national network comprised over 4,210 affiliated physicians, including 1,270 physicians who provide neonatal clinical care, primarily within hospital-based NICUs, to babies born prematurely or with medical complications. We have 1,315 affiliated physicians who provide anesthesia care to patients in connection with surgical and other procedures, as well as pain management. In addition, we have 365 affiliated physicians who provide maternal-fetal and obstetrical medical care to expectant mothers experiencing complicated pregnancies primarily in areas where our affiliated neonatal physicians practice. Our network also includes other pediatric subspecialists, including 190 physicians providing pediatric intensive care, 110 physicians providing pediatric cardiology care, 140 physicians providing hospital-based pediatric care, 25 physicians providing pediatric surgical care, and 10 physicians providing pediatric ear, nose and throat and pediatric ophthalmology services. MEDNAX also provides radiology services including diagnostic imaging and interventional radiology, through a network of more than 355 affiliated physicians, as well as teleradiology services in all 50 states, the District of Columbia and Puerto Rico through a network of over 430 affiliated radiologists. In addition to our national physician network, we provide services nationwide to healthcare facilities and physicians, including ours, through complementary businesses, consisting of a management services organization focusing on full-service revenue cycle management and a consulting services company.

2018 Acquisition Activity

During 2018, we completed nine physician group practice acquisitions, including five radiology practices, two neonatology practices and two pediatric subspecialty practices.

Based on our experience, we expect that we can improve the results of all of our acquired physician practices through improved managed care contracting, improved collections, identification of growth initiatives, as well as, operating and cost savings based upon the significant infrastructure that we have developed. We believe that we bring a unique value proposition to radiology physician groups, in that we can provide practice management support and a technology platform enabling radiology to be practiced at a national level, as well as teleradiology capabilities that can enhance their efficiency, provide subspecialty access and help them to grow strategically and remain competitive while meeting the demands of their hospital partners, third-party payors and regulatory bodies. In addition, we believe that radiology physician group practice physicians can complement the staffing needs for our teleradiology services business during certain times, such as nights and weekends, when the group practice physicians are not providing services at their practices.

Shared Services and Operational Initiatives

We have developed a number of strategic initiatives across our organization, in both our shared services functions and our operational infrastructure, with a goal of generating improvements in our general and administrative expenses and our operational infrastructure. In our shared services departments, we are focused on

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improving processes, using our resources more efficiently and utilizing our scale more effectively to improve cost and service performance across our operations. Within our operational infrastructure, we have developed specific operational plans within each of our service lines and affiliated physician practices, with specific milestones and regular reporting, with the goal of generating long-term operational improvements and fostering even greater collaboration across our national medical group. We currently intend to make a series of information-technology and other investments to improve processes and performance across our enterprise, using both internal and external resources. We are targeting annualized financial improvements related to these initiatives of \$40 million within general and administrative expenses and \$80 million in operational improvements by the end of 2019, although there is no assurance that these improvements will be obtained. We believe these strategic initiatives, together with our continued plans to invest in focused, targeted and strategic organic and acquisitive growth, position us well to deliver a differentiated value proposition to our stakeholders while continuing to provide the highest quality care for our patients.

Senior Notes

In November 2018, we completed a private offering of \$500.0 million aggregate principal amount of 6.25% senior unsecured notes due 2027 (the “2027 Notes”). Our obligations under the 2027 Notes are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional contractors that guarantee our Credit Agreement. Interest on the 2027 Notes accrues at the rate of 6.25% per annum and is payable semi-annually in arrears on January 15 and July 15, beginning on January 15, 2019. We used the net proceeds of approximately \$492.5 million from the issuance of the 2027 Notes to repay a portion of the indebtedness outstanding under our Credit Agreement.

Common Stock Repurchase Programs

In July 2013, our Board of Directors authorized the repurchase of shares of our common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares under our equity compensation programs. The share repurchase program allows us to make open market purchases from time-to-time based on general economic and market conditions and trading restrictions. The repurchase program also allows for the repurchase of shares of our common stock to offset the dilutive impact from the issuance of shares, if any, related to our acquisition program. Shares repurchased by us during the second quarter of 2018 completed the repurchases under the program with respect to issuances of shares under our equity compensation programs during 2018. In August 2018, we announced that our Board of Directors had authorized the repurchase of up to \$500.0 million of shares of our common stock in addition to our existing share repurchase program. As part of this repurchase program, on August 31, 2018, we entered into a \$250 million uncollared accelerated share repurchase agreement with an investment bank that was completed in December 2018.

Under the share repurchase programs described above, we repurchased approximately 7.0 million shares of our common stock for approximately \$302.2 million during the year ended December 31, 2018, inclusive of 54,909 shares withheld to satisfy minimum statutory withholding obligations of \$2.5 million in connection with the vesting of restricted stock and exercises of stock options during the second quarter of 2018.

We may utilize various methods to effect any future share repurchases, including, among others, open market purchases and accelerated share repurchase programs. We currently intend to utilize a portion of our remaining \$250 million share repurchase authorization via open market purchases in the first quarter of 2019, however, the amount and timing of repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

General Economic Conditions and Other Factors

Our operations and performance depend significantly on economic conditions. During the year ended December 31, 2018, the percentage of our patient service revenue being reimbursed under GHC Programs,

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remained relatively consistent as compared to the year ended December 31, 2017. If, however, economic conditions in the United States deteriorate, we could experience shifts toward GHC Programs, and patient volumes could decline. Further, we could experience and have experienced shifts toward GHC Programs if changes occur in population demographics within geographic locations in which we provide services. We have also experienced, and expect to continue to experience, a shift toward GHC Programs in anesthesia care. Payments received from GHC Programs are substantially less for equivalent services than payments received from commercial insurance payors. In addition, due to the rising costs of managed care premiums and patient responsibility amounts, we may experience lower net revenue resulting from increased bad debt due to patients' inability to pay for certain services. See Item 1A. Risk Factors, in this Form 10-K for additional discussion on the general economic conditions in the United States and recent developments in the healthcare industry that could affect our business.

Healthcare Reform

The Patient Protection and Affordable Care Act (the "ACA") contains a number of provisions that have affected us and, absent amendment or repeal, may continue to affect us over the next several years. These provisions include the establishment of health insurance exchanges to facilitate the purchase of qualified health plans, expanded Medicaid eligibility, subsidized insurance premiums and additional requirements and incentives for businesses to provide healthcare benefits. Other provisions have expanded the scope and reach of the Federal Civil False Claims Act ("FCA") and other healthcare fraud and abuse laws. Moreover, we could be affected by potential changes to various aspects of the ACA, including subsidies, healthcare insurance marketplaces and Medicaid expansion.

The ACA remains subject to continuing legislative and administrative flux and uncertainty. In 2017, Congress unsuccessfully sought to replace substantial parts of the ACA with different mechanisms for facilitating insurance coverage in the commercial and Medicaid markets. Additionally, CMS has administratively revised a number of provisions and may seek to advance additional significant changes through regulation, guidance and enforcement in the future. At the end of 2017, Congress repealed part of the ACA that required most individuals to purchase and maintain health insurance or face a tax penalty. The 2018 mid-term elections in November 2018 changed the balance of power in Congress and may change the direction of future health-related legislation. More recently, a federal judge in Texas declared that key portions of the ACA were inconsistent with the United States Constitution and specifically that the ACA cannot stand on its own since Congress repealed the individual mandate. Several states are now engaged in appealing this decision.

If the ACA is repealed or further substantially modified, or if implementation of certain aspects of the ACA are diluted or delayed, such repeal, modification or delay may impact our business, financial condition, results of operations, cash flows and the trading price of our securities. We are unable to predict the impact of any repeal, modification or delay in the implementation of the ACA, including the repeal of the individual mandate, on us at this time.

In addition to the potential impacts to the ACA under the current Administration and Congress, there could be more sweeping changes to GHC Programs, such as a change in the structure of Medicaid by converting it into a block grant or instituting "per capita caps," which could eliminate the guarantee that everyone who is eligible and applies for benefits would receive them and could potentially give states sweeping new authority to restrict eligibility, cut benefits and make it more difficult for people to enroll. Additionally, several states are considering and pursuing changes to their Medicaid programs, such as requiring recipients to engage in employment activities as a condition of eligibility for most adults, disenrolling recipients for failure to pay a premium, or adjusting premium amounts based on income.

As a result, we cannot predict with any assurance the ultimate effect of these laws and resulting changes to payments under GHC Programs, nor can we provide any assurance that they will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our

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securities. Further, any fiscal tightening impacting GHC Programs or changes to the structure of any GHC Programs could have a material adverse effect on our financial condition, results of operations, cash flows and the trading price of our securities.

The Medicare Access and CHIP Reauthorization Act

Medicare pays for most physician services based upon a national service-specific fee schedule. The Medicare Access and CHIP Reauthorization Act (“MACRA”) provides physicians 0.5% annual increases in reimbursement through 2019 as Medicare transitions to a payment system designed to reward physicians for the quality of care provided, rather than the quantity of procedures performed. MACRA requires physicians to choose to participate in one of two payment formulas, Merit-Based Incentive Payment System (“MIPS”) or Alternative Payment Models (“APMs”). Beginning in 2019, MIPS will allow eligible physicians to receive incentive payments based on the achievement of certain quality and cost metrics, among other measures, and be reduced for those who are underperforming against those same metrics and measures. As an alternative, physicians can choose to participate in an Advanced APMs, and physicians who are meaningful participants in APMs will receive bonus payments from Medicare pursuant to the law. MACRA also remains subject to review and potential modification by Congress, as well as shifting regulatory requirements established by CMS. We currently anticipate that our affiliated physicians will be eligible to receive bonus payments in 2019 through participation in the MIPS, although the amounts of such bonus payments are not expected to be material. We will continue to operationalize the provisions of MACRA and assess any further changes to the law or additional regulations enacted pursuant to the law.

We cannot predict the ultimate effect that these changes will have on us, nor can we provide any assurance that its provisions will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Medicaid Expansion

The ACA also allows states to expand their Medicaid programs through federal payments that fund most of the cost of increasing the Medicaid eligibility income limit from a state’s historic eligibility levels to 133% of the federal poverty level. To date, 36 states and the District of Columbia have expanded Medicaid eligibility to cover this additional low income patient population, and other states are considering expansion. All of the states in which we operate, however, already cover children in the first year of life and pregnant women if their household income is at or below 133% of the federal poverty level.

Medicare Sequestration

The Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, required across-the-board cuts (“sequestrations”) to Medicare reimbursement rates. These annual reductions of 2%, on average, began in April 2013 and apply to mandatory and discretionary spending in the years 2013 to 2027. Unless Congress takes action in the future to modify these sequestrations, Medicare reimbursements will be reduced by 2%, on average, annually. However, this reduction in Medicare reimbursement rates is not expected to have a material adverse effect on our business, financial condition, results of operations, cash flows or the trading price of our securities.

Geographic Coverage

During 2018, 2017 and 2016, approximately 52%, 51%, and 51%, respectively, of our net revenue was generated by operations in our five largest states. During 2018, 2017, and 2016, our five largest states consisted of Texas, Florida, Tennessee, Georgia, and North Carolina. During 2018, 2017, and 2016, our operations in Texas accounted for approximately 20%, 19%, and 19%, respectively, of our net revenue.

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Payor Mix

We bill payors for professional services provided by our affiliated physicians to our patients based upon rates for specific services provided. Our billed charges are substantially the same for all parties in a particular geographic area regardless of the party responsible for paying the bill for our services. We determine our net revenue based upon the difference between our gross fees for services and our estimated ultimate collections from payors. Net revenue differs from gross fees due to (i) managed care payments at contracted rates, (ii) GHC Program reimbursements at government-established rates, (iii) various reimbursement plans and negotiated reimbursements from other third-parties, and (iv) discounted and uncollectible accounts of private-pay patients.

Our payor mix is composed of contracted managed care, government, principally Medicare and Medicaid, other third-parties and private-pay patients. We benefit from the fact that most of the medical services provided in the NICU are classified as emergency services, a category typically classified as a covered service by managed care payors.

The following is a summary of our payor mix, expressed as a percentage of net revenue, exclusive of administrative fees and revenue related to our non-practice service offerings, for the periods indicated:

	Years Ended December 31,		
	2018	2017	2016
Contracted managed care	70 %	70 %	70 %
Government	24 %	25 %	23 %
Other third-parties	4 %	4 %	6 %
Private-pay patients	2 %	1 %	1 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The payor mix shown in the table above is not necessarily representative of the amount of services provided to patients covered under these plans. For example, the gross amount billed to patients covered under GHC Programs for the years ended December 31, 2018, 2017 and 2016 represented approximately 55% of our total gross patient service revenue. These percentages of gross revenue and the percentages of net revenue provided in the table above include the payor mix impact of acquisitions completed through December 31, 2018.

Quarterly Results

We have historically experienced and expect to continue to experience quarterly fluctuations in net revenue and net income. These fluctuations are primarily due to the following factors:

There are fewer calendar days in the first and second quarters of the year, as compared to the third and fourth quarters of the year. Because we provide services in NICUs on a 24-hours-a-day basis, 365 days a year, any reduction in service days will have a corresponding reduction in net revenue.

The majority of physician services provided by our office-based and anesthesia practices consist of office visits and scheduled procedures that occur during business hours. As a result, volumes at those practices fluctuate based on the number of business days in each calendar quarter.

A significant number of our employees and our associated professional contractors, primarily physicians, exceed the level of taxable wages for social security during the first and second quarters of the year. As a result, we incur a significantly higher payroll tax burden and our net income is lower during those quarters.

We have significant fixed operating costs, including physician compensation, and, as a result, are highly dependent on patient volume and capacity utilization of our affiliated professional contractors to sustain profitability. Additionally, quarterly results may be affected by the timing of acquisitions and fluctuations in

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patient volume. As a result, the operating results for any quarter are not necessarily indicative of results for any future period or for the full year. Our unaudited quarterly results are presented in further detail in Note 17 to our Consolidated Financial Statements in this Form 10-K.

Application of Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires estimates and assumptions that affect the reporting of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities. Note 2 to our Consolidated Financial Statements provides a summary of our significant accounting policies, which are all in accordance with GAAP. Certain of our accounting policies are critical to understanding our Consolidated Financial Statements because their application requires management to make assumptions about future results and depends to a large extent on management’s judgment, because past results have fluctuated and are expected to continue to do so in the future.

We believe that the application of the accounting policies described in the following paragraphs is highly dependent on critical estimates and assumptions that are inherently uncertain and highly susceptible to change. For all of these policies, we caution that future events rarely develop exactly as estimated, and the best estimates routinely require adjustment. On an ongoing basis, we evaluate our estimates and assumptions, including those discussed below.

Revenue Recognition

We recognize patient service revenue at the time services are provided by our affiliated physicians. Our performance obligations relate to the delivery of services to patients and are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Almost all of our patient service revenue is reimbursed by GHC Programs and third-party insurance payors. Payments for services rendered to our patients are generally less than billed charges. We monitor our revenue and receivables from these sources and record an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectibles. Management estimates allowances for contractual adjustments and uncollectibles on accounts receivable based upon historical experience and other factors, including days sales outstanding (“DSO”) for accounts receivable, evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Collection of patient service revenue we expect to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing. Contractual adjustments result from the difference between the physician rates for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services. The evaluation of these historical and other factors involves complex, subjective judgments. On a routine basis, we compare our cash collections to recorded net patient service revenue and evaluate our historical allowance for contractual adjustments and uncollectibles based upon the ultimate resolution of the accounts receivable balance. These procedures are completed regularly in order to monitor our process of establishing appropriate reserves for contractual adjustments. We have not recorded any material adjustments to prior period contractual adjustments and uncollectibles in the years ended December 31, 2018, 2017 or 2016.

Some of our agreements require hospitals to pay us administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that we receive a specified minimum revenue level. We also receive fees from hospitals for administrative services performed by our affiliated physicians providing medical director or other services at the hospital.

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In addition, we generate revenue through our management services organization for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee for coding of medical charts, a fixed fee per patient, visit as well as a percentage of cash collections received by the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding occurs or the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collected for customers from payors.

DSO is one of the key factors that we use to evaluate the condition of our accounts receivable and the related allowances for contractual adjustments and uncollectibles. DSO reflects the timeliness of cash collections on billed revenue and the level of reserves on outstanding accounts receivable. Any significant change in our DSO results in additional analyses of outstanding accounts receivable and the associated reserves. We calculate our DSO using a three-month rolling average of net revenue. Our net revenue, net income and operating cash flows may be materially and adversely affected if actual adjustments and uncollectibles exceed management's estimated provisions as a result of changes in these factors. As of December 31, 2018, our DSO was 53.5 days. We had approximately \$2.0 billion in gross accounts receivable outstanding at December 31, 2018, and considering this outstanding balance, based on our historical experience, a reasonably likely change of 0.5% to 1.50% in our estimated collection rate would result in an impact to net revenue of \$10.2 million to \$30.5 million. The impact of this change does not include adjustments that may be required as a result of audits, inquiries and investigations from government authorities and agencies and other third-party payors that may occur in the ordinary course of business. See Note 16 to our Consolidated Financial Statements in this Form 10-K.

Professional Liability Coverage

We maintain professional liability insurance policies with third-party insurers generally on a claims-made basis, subject to self-insured retention, exclusions and other restrictions. Our self-insured retention under our professional liability insurance program is maintained primarily through a wholly owned captive insurance subsidiary. We record liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Liabilities for claims incurred but not reported are not discounted. The average lag period from the date a claim is reported to the date it reaches final settlement is approximately four years, although the facts and circumstances of individual claims could result in lag periods that vary from this average. Our actuarial assumptions incorporate multiple complex methodologies to determine the best liability estimate for claims incurred but not reported and the future development of known claims, including methodologies that focus on industry trends, paid loss development, reported loss development and industry-based expected pure premiums. The most significant assumptions used in the estimation process include the use of loss development factors to determine the future emergence of claim liabilities, the use of frequency and trend factors to estimate the impact of economic, judicial and social changes affecting claim costs, and assumptions regarding legal and other costs associated with the ultimate settlement of claims. The key assumptions used in our actuarial valuations are subject to constant adjustments as a result of changes in our actual loss history and the movement of projected emergence patterns as claims develop. We evaluate the need for professional liability insurance reserves in excess of amounts estimated in our actuarial valuations on a routine basis, and as of December 31, 2018, based on our historical experience, a reasonably likely change of 4% to 8% in our estimates would result in an increase or decrease to net income of \$4.0 million to \$7.8 million. However, because many factors can affect historical and future loss patterns, the determination of an appropriate professional liability reserve involves complex, subjective judgment, and actual results may vary significantly from estimates.

Goodwill

We record acquired assets, including identifiable intangible assets and liabilities at their respective fair values, recording to goodwill the excess of purchase price over the fair value of the net assets acquired. We test goodwill for impairment at a reporting unit level on an annual basis, and more frequently if impairment indicators exist. We use a single-step quantitative test with any goodwill impairment measured as the amount by

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which a reporting unit's carrying value exceeds its fair value. We use income and market-based valuation approaches to determine the fair value of our reporting units. These approaches focus on discounted cash flows and market multiples based on our market capitalization to derive the fair value of a reporting unit. We also consider the economic outlook for the healthcare services industry and various other factors during the testing process, including hospital and physician contract changes, local market developments, changes in third-party payor payments, and other publicly available information.

Other Matters

Other significant accounting policies, not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of our Consolidated Financial Statements. For example, our Consolidated Financial Statements are presented on a consolidated basis with our affiliated professional contractors because we or one of our subsidiaries have entered into management agreements with our affiliated professional contractors meeting the "controlling financial interest" criteria set forth in accounting guidance for consolidations. Our management agreements are further described in Note 2 to our Consolidated Financial Statements in this Form 10-K. The policies described in Note 2 often require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance and are frequently reexamined by accounting standards setters and regulators. See "New Accounting Pronouncements" below for matters that may affect our accounting policies in the future.

Non-GAAP Measures

In our analysis of our results of operations, we use certain non-GAAP financial measures. Earnings before interest, taxes and depreciation and amortization ("EBITDA") consists of net income attributable to MEDNAX, Inc. before interest expense, income tax provision and depreciation and amortization. Prior to the fourth quarter of 2017, we had included immaterial investment and other income and equity in earnings of unconsolidated affiliates as a component of the interest expense adjustment within EBITDA. Beginning with the fourth quarter of 2017, we excluded these items such that the interest expense adjustment represents only interest expense and conformed its historical EBITDA calculations accordingly. Adjusted earnings per common share ("Adjusted EPS") consists of diluted net income attributable to MEDNAX, Inc. per common and common equivalent share adjusted for amortization expense and stock-based compensation expense. Adjusted EPS for the year ended December 31, 2017 excludes the net income tax benefit related to the reduction in our net deferred tax liability resulting from the reduction in the corporate tax rate enacted in December 2017 under the Tax Cuts and Jobs Act of 2017. Additionally, Adjusted EPS for the year ended December 31, 2016 excludes the net income tax benefit resulting from the reversal of a liability for uncertain tax positions related to the favorable settlement of a tax matter during the third quarter of 2016.

We believe these measures, in addition to income from operations, net income attributable to MEDNAX, Inc. and diluted net income attributable to MEDNAX, Inc. per common and common equivalent share, provide investors with useful supplemental information to compare and understand our underlying business trends and performance across reporting periods on a consistent basis. These measures should be considered a supplement to, and not a substitute for, financial performance measures determined in accordance with GAAP. In addition, since these non-GAAP measures are not determined in accordance with GAAP, they are susceptible to varying calculations and may not be comparable to other similarly titled measures of other companies.

For a reconciliation of each of EBITDA and Adjusted EPS to the most directly comparable GAAP measures for the years ended December 31, 2018, 2017 and 2016, refer to the tables below (in thousands, except per share data). In addition, historical reconciliations of EBITDA and Adjusted EPS are available on our internet website at

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www.mednax.com under the Investors tab. Our internet website and the information contained therein or connected thereto are not incorporated into or deemed a part of this Form 10-K.

	Years Ended December 31,		
	2018	2017	2016
Net income attributable to MEDNAX, Inc.	\$268,629	\$320,372	\$324,914
Interest expense	88,769	74,559	63,092
Income tax provision	100,210	90,050	189,203
Depreciation and amortization	111,281	102,879	89,264
EBITDA	<u>\$568,889</u>	<u>\$587,860</u>	<u>\$666,473</u>

	Years Ended December 31,					
	2018		2017		2016	
Weighted average diluted shares outstanding	91,606		92,958		93,109	
Net income and diluted net income per share attributable to MEDNAX, Inc.	\$268,629	\$2.93	\$320,372	\$3.45	\$324,914	\$3.49
Adjustments:						
Amortization (net of tax of \$19,780, \$26,902 and \$23,443)	53,020	0.58	42,079	0.45	36,873	0.39
Stock-based compensation (net of tax of \$10,516, \$11,534 and \$13,216)	28,187	0.31	18,039	0.19	20,784	0.22
Income tax benefits	—	—	(70,014)	(0.75)	(10,646)	(0.11)
Adjusted net income and diluted EPS	<u>\$349,836</u>	<u>\$3.82</u>	<u>\$310,476</u>	<u>\$3.34</u>	<u>\$371,925</u>	<u>\$3.99</u>

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain information related to our operations expressed as a percentage of our net revenue:

	Years Ended December 31,		
	2018	2017	2016
Net revenue	100.0%	100.0%	100.0%
Operating expenses:			
Practice salaries and benefits	69.5	67.6	63.8
Practice supplies and other operating expenses	3.4	3.5	3.7
General and administrative expenses	11.9	12.1	11.7
Depreciation and amortization	3.0	2.9	2.8
Total operating expenses	<u>87.8</u>	<u>86.1</u>	<u>82.0</u>
Income from operations	12.2	13.9	18.0
Non-operating expense, net	2.1	2.0	1.8
Income before income taxes	10.1	11.9	16.2
Income tax provision	2.7	2.6	6.0
Net income	<u>7.4 %</u>	<u>9.3 %</u>	<u>10.2 %</u>

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

Our net revenue increased \$188.8 million, or 5.5%, to \$3.65 billion for the year ended December 31, 2018, as compared to \$3.46 billion for 2017. Of this increase, \$102.1 million, or 2.8%, was attributable to revenue generated from acquisitions completed after December 31, 2016. Same-unit net revenue increased \$86.7 million, or 2.7%, for the year ended December 31, 2018. Same units are those units at which we provided services for the entire current period and the entire comparable period. The increase in same-unit net revenue was comprised of a net increase of \$49.6 million, or 1.5%, related to net reimbursement-related factors and an increase of \$37.1 million, or 1.2%, from patient service volumes. The net increase in revenue related to net reimbursement-related factors was primarily due to modest improvements in managed care contracting, an increase in the administrative fees received from our hospital partners and the flow through of revenue from modest price increases, partially offset by a decrease in revenue caused by an increase in the percentage of our patients enrolled in GHC Programs. The increase in revenue from patient service volumes was related to growth across almost all of our services.

Practice salaries and benefits increased \$197.9 million, or 8.5%, to \$2.54 billion for the year ended December 31, 2018, as compared to \$2.34 billion for 2017. This increase was primarily attributable to increased costs associated with physicians and other staff to support acquisition-related growth, organic growth initiatives and growth at our existing units, of which \$157.5 million was related to salaries and \$40.4 million was related to benefits and incentive compensation. Included within practice salaries and benefits expense in 2018 is \$18.1 million for certain physicians who remained employed through December 31, 2018 despite the non-renewal of an anesthesia services contract effective July 1, 2018, under which they had previously provided services. We anticipate that we will continue to experience a higher rate of growth in clinician compensation expense at our existing units over historic averages, which could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our securities.

Practice supplies and other operating expenses increased \$1.5 million, or 1.3%, to \$122.0 million for the year ended December 31, 2018, as compared to \$120.5 million for 2017. The increase was primarily attributable to practice supply, rent and other costs related to our acquisitions.

General and administrative expenses include all billing and collection functions and all other salaries, benefits, supplies and operating expenses not specifically related to the day-to-day operations of our physician practices and services, as well as those attributable to our non-physician service businesses. General and administrative expenses increased \$15.3 million, or 3.7%, to \$432.4 million for the year ended December 31, 2018, as compared to \$417.1 million for 2017. The increase is attributable to the overall growth of the Company, including growth from acquisitions. Included within general and administrative expenses was an increase of \$9.3 million of stock-based compensation expense primarily resulting from the change in timing of our annual equity grants from June to March in order to align the timing with other compensation related activities. General and administrative expenses also includes a decrease of \$25.0 million resulting from cost improvements as part of our shared services initiative. General and administrative expenses as a percentage of net revenue was 11.9% for the year ended December 31, 2018, as compared to 12.1% for the same period in 2017.

Depreciation and amortization expense increased \$8.4 million, or 8.2%, to \$111.3 million for the year ended December 31, 2018, as compared to \$102.9 million for 2017. The increase was primarily attributable to the amortization of intangible assets related to acquisitions.

Income from operations decreased \$34.3 million, or 7.1%, to \$445.8 million for the year ended December 31, 2018, as compared to \$480.1 million for 2017. Our operating margin was 12.2% for the year ended December 31, 2018, as compared to 13.9% for 2017. The decrease of 166 basis points was primarily due to the impact of the non-renewal of an anesthesia services contract effective July 1, 2018, as well as higher operating expense growth as compared to revenue growth.

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Net non-operating expenses were \$77.0 million for the year ended December 31, 2018, as compared to \$69.7 million for 2017. The net increase in non-operating expenses was primarily related to an increase in interest expense due to a higher effective interest rate on borrowings outstanding under our Credit Agreement.

Our effective income tax rate was 27.2% for the year ended December 31, 2018, as compared to 21.9% for 2017. Our effective income tax rate in 2017 was impacted by a \$70.0 million income tax benefit resulting from the reduction of our net deferred tax liability related to the reduction in the corporate tax rate enacted under the Tax Cuts and Jobs Act of 2017 during the fourth quarter of 2017.

Net income was \$268.6 million for the year ended December 31, 2018, as compared to \$320.4 million for 2017. EBITDA was \$568.9 million for the year ended December 31, 2018, as compared to \$587.9 million for 2017.

Diluted net income per common and common equivalent share was \$2.93 on weighted average shares outstanding of 91.6 million for the year ended December 31, 2018, as compared to \$3.45 on weighted average shares outstanding of 93.0 million for 2017. Adjusted EPS was \$3.82 for the year ended December 31, 2018, as compared to \$3.34 for 2017. The decrease of 1.4 million in our weighted average shares outstanding is primarily due to the impact of shares repurchased under our accelerated share repurchase program.

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

Our net revenue increased \$275.2 million, or 8.6%, to \$3.46 billion for the year ended December 31, 2017, as compared to \$3.18 billion for 2016. Of this \$275.2 million increase, \$256.0 million, or 7.9%, was attributable to revenue generated from acquisitions completed after December 31, 2015. Same-unit net revenue increased \$19.1 million, or 0.7%, for the year ended December 31, 2017. Same units are those units at which we provided services for the entire current period and the entire comparable period. The increase in same-unit net revenue was comprised of a net increase of \$11.7 million, or 0.4%, related to net reimbursement-related factors and an increase in revenue of \$7.4 million, or 0.3%, from patient service volumes. The net increase in revenue of \$11.7 million related to net reimbursement-related factors was primarily due to modest improvements in managed care contracting and an increase in the administrative fees received from our hospital partners, partially offset by a decrease in revenue caused by an increase in the percentage of our patients enrolled in GHC Programs. The increase in revenue of \$7.4 million from patient service volumes was primarily related to growth across our anesthesiology, neonatology and maternal-fetal medicine services, partially offset by a decrease in our other pediatric services, primarily hearing screen services.

Practice salaries and benefits increased \$306.5 million, or 15.1%, to \$2.34 billion for the year ended December 31, 2017, as compared to \$2.03 billion for 2016. This \$306.5 million increase was primarily attributable to increased costs associated with new physicians and other staff to support acquisition-related growth and growth at existing units, of which \$230.6 million was related to salaries and \$75.9 million was related to benefits and incentive compensation. Included within the increase in salaries expense at our existing units were costs related to clinician compensation that increased at a faster rate than in previous periods. We anticipate that we will continue to experience a higher rate of growth in clinician compensation expense, which could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our securities. Included within the increase in benefits expense were increased costs related to malpractice expense driven by unfavorable claims experience.

Practice supplies and other operating expenses increased \$2.1 million, or 1.8%, to \$120.5 million for the year ended December 31, 2017, as compared to \$118.4 million for 2016. The increase was attributable to practice supply, rent and other costs related to our acquisitions, partially offset by a decrease at our existing units. The decrease at our existing units was primarily attributable to the reclassification of certain temporary staffing costs from practice operating expenses to practice salaries in 2017.

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General and administrative expenses include all billing and collection functions and all other salaries, benefits, supplies and operating expenses not specifically related to the day-to-day operations of our physician practices and services, as well as those attributable to our non-physician service businesses. General and administrative expenses increased \$44.5 million, or 12.0%, to \$417.1 million for the year ended December 31, 2017, as compared to \$372.6 million for 2016. The increase of \$44.5 million is attributable to the overall growth of the Company. General and administrative expenses as a percentage of net revenue was 12.1% for the year ended December 31, 2017, as compared to 11.7% for the same period in 2016.

Depreciation and amortization expense increased \$13.6 million, or 15.3%, to \$102.9 million for the year ended December 31, 2017, as compared to \$89.3 million for 2016. The increase was primarily attributable to the amortization of intangible assets related to acquisitions.

Income from operations decreased \$91.6 million, or 16.0%, to \$480.1 million for the year ended December 31, 2017, as compared to \$571.7 million for 2016. Our operating margin was 13.9% for the year ended December 31, 2017, as compared to 18.0% for 2016. The decrease of 408 basis points was primarily due to increases in operating expenses and lower same-unit revenue.

Net non-operating expenses were \$69.7 million for the year ended December 31, 2017, as compared to \$57.9 million for 2016. The net increase in non-operating expenses was primarily related to an increase in interest expense due to higher average borrowings outstanding under our Credit Agreement.

Our effective income tax rate was 21.9% for the year ended December 31, 2017, as compared to 36.8% for 2016. After excluding a \$70.0 million income tax benefit resulting from the reduction of our net deferred tax liability resulting from the reduction in the corporate tax rate enacted under the Tax Cuts and Jobs Act of 2017 during the fourth quarter of 2017, our effective income tax rate for the year ended December 31, 2017 was 39.0%. After excluding a \$10.6 million income tax benefit resulting from the reversal of a liability for uncertain tax positions related to the favorable settlement of a tax matter during the third quarter of 2016, our effective income tax rate for the year ended December 31, 2016 was 38.9%. We believe that excluding the favorable impacts on our effective income tax rate related to these income tax benefits provides a more comparable view of our effective income tax rate. After excluding these favorable impacts, our effective tax rate was relatively unchanged.

Net income attributable to MEDNAX, Inc. was \$320.4 million for the year ended December 31, 2017, as compared to \$324.9 million for 2016. EBITDA was \$587.9 million for the year ended December 31, 2017, as compared to \$666.5 million for 2016.

Diluted net income attributable to MEDNAX, Inc. per common and common equivalent share was \$3.45 on weighted average shares outstanding of 93.0 million for the year ended December 31, 2017, as compared to \$3.49 on weighted average shares outstanding of 93.1 million for 2016. Adjusted EPS was \$3.34 for the year ended December 31, 2017, as compared to \$3.99 for 2016.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2018, we had \$36.7 million of cash and cash equivalents on hand as compared to \$60.2 million at December 31, 2017. Additionally, we had working capital of \$157.2 million at December 31, 2018, an increase of \$61.4 million from our working capital of \$95.8 million at December 31, 2017. This net increase in working capital is primarily due to 2018 earnings, partially offset by the use of funds for repurchases of our common stock and acquisitions.

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Cash Flows

Cash provided by (used in) operating, investing and financing activities is summarized as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Operating activities	\$289,925	\$511,378	\$443,778
Investing activities	(142,769)	(576,613)	(821,217)
Financing activities	(170,611)	89,737	381,565

Operating Activities

We generated cash flow from operating activities of \$289.9 million, \$511.4 million and \$443.8 million for the years ended December 31, 2018, 2017 and 2016, respectively. The net decrease of \$221.5 million in cash flow provided from operating activities for the year ended December 31, 2018, as compared to the year ended December 31, 2017, was primarily due to a decrease in cash flow from income taxes payable resulting from tax payments made in the first quarter of 2018 for 2017 taxes that were deferred by the Internal Revenue Service for companies impacted by the 2017 hurricanes as well as a net decrease in cash flow related to accounts receivable, partially offset by an increase in cash flow related to changes in deferred taxes.

During the year ended December 31, 2018, cash flow from accounts receivable decreased by \$44.4 million, as compared to an increase of \$41.8 million for 2017. The decrease in cash flow from accounts receivable was primarily due to an increase in DSO related to higher accounts receivable balances primarily at our existing units.

Our cash flow from operating activities is significantly affected by the payment of physician incentive compensation. A large majority of our affiliated physicians participate in our performance-based incentive compensation program and almost all of the payments due under the program are made annually in the first quarter. As a result, we typically experience negative cash flow from operations in the first quarter of each year and fund our operations during this period with cash on hand or funds borrowed under our Credit Agreement. In addition, during the first quarter of each year, we use cash to make any discretionary matching contributions for participants in our qualified contributory savings plans.

We generated cash flow from operating activities of \$511.4 million and \$443.8 million for the years ended December 31, 2017 and 2016, respectively. Cash flow for the year ended December 31, 2017 was impacted by changes in the components of income taxes payable, accounts receivable and professional liability reserves. Cash flow for the year ended December 31, 2016 was impacted by an increase in the adjustment to net income for non-cash depreciation and amortization expense, a net increase in cash flow related to changes in the components of our accounts payable and accrued expenses and an increase in cash flow related to accounts receivable.

Investing Activities

During the year ended December 31, 2018, our net cash used in investing activities of \$142.8 million primarily included acquisition payments of \$114.5 million, capital expenditures of \$48.9 million and net purchases of \$2.2 million related to the purchase and maturity of investments, partially offset by proceeds of \$22.8 million related to the sale of the controlling interest in a group of assets to a third party.

Financing Activities

During the year ended December 31, 2018, our net cash used in financing activities of \$170.6 million consisted primarily of net repayments on our Credit Agreement of \$371.0 million and the repurchase of \$302.2 million of our common stock, partially offset by proceeds from our 2027 Notes of \$500.0 million.

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Liquidity

Our Credit Agreement provides for a \$2.0 billion unsecured revolving credit facility and includes a \$37.5 million sub-facility for the issuance of letters of credit. In November 2018, we amended and restated our Credit Agreement to make certain technical, conforming and other changes. The Credit Agreement matures on October 31, 2022 and is guaranteed by substantially all of our subsidiaries and affiliated professional associations and corporations. At our option, borrowings under the Credit Agreement will bear interest at (i) the alternate base rate (defined as the higher of (a) the prime rate, (b) the Federal Funds Rate plus 1/2 of 1.00% and (c) LIBOR for an interest period of one month plus 1.00%) plus an applicable margin rate ranging from 0.125% to 0.750% based on our consolidated leverage ratio or (ii) the LIBOR rate plus an applicable margin rate ranging from 1.125% to 1.750% based on our consolidated leverage ratio. The Credit Agreement also calls for other customary fees and charges, including an unused commitment fee ranging from 0.150% to 0.300% of the unused lending commitments, based on our consolidated leverage ratio. The Credit Agreement contains customary covenants and restrictions, including covenants that require us to maintain a minimum interest charge ratio, not to exceed a specified consolidated leverage ratio and to comply with laws, and restrictions on the ability to pay dividends and make certain other distributions, as specified therein. Failure to comply with these covenants would constitute an event of default under the Credit Agreement, notwithstanding the ability of the company to meet its debt service obligations. The Credit Agreement also includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the Credit Agreement.

At December 31, 2018, we had an outstanding principal balance of \$739.5 million on our Credit Agreement. We also had outstanding letters of credit of \$0.2 million that reduced the amount available on our Credit Agreement to \$1.3 billion at December 31, 2018.

In November 2018, we completed a private offering of \$500.0 million aggregate principal amount of 2027 Notes. At December 31, 2018, we also had an outstanding principal balance of \$750.0 million on our 5.25% senior unsecured notes due 2023 (the “2023 Notes”). Our obligations under the 2023 Notes and the 2027 Notes are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional contractors that guarantee our Credit Agreement. Interest on the 2027 Notes accrues at the rate of 6.25% per annum, or \$31.3 million, and is payable semi-annually in arrears on January 15 and July 15, beginning on January 15, 2019. Interest on the 2023 Notes accrues at the rate of 5.25% per annum, or \$39.4 million, and is payable semi-annually in arrears on June 1 and December 1.

The indenture under which the 2023 Notes and the 2027 Notes are issued, among other things, limits our ability to (1) incur liens and (2) enter into sale and lease-back transactions, and also limits our ability to merge or dispose of all or substantially all of our assets, in all cases, subject to a number of customary exceptions. Although we are not required to make mandatory redemption or sinking fund payments with respect to the 2023 Notes and the 2027 Notes, upon the occurrence of a change in control of MEDNAX, we may be required to repurchase the 2023 Notes and the 2027 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2023 Notes and the 2027 Notes repurchased plus accrued and unpaid interest.

At December 31, 2018, we believe we were in compliance, in all material respects, with the financial covenants and other restrictions applicable to us under the Credit Agreement and the 2023 Notes and the 2027 Notes.

The exercise of employee stock options and the purchase of common stock by employees participating in our ESPP and SPP generated cash proceeds of \$16.3 million, \$23.3 million, and \$22.0 million for the years ended December 31, 2018, 2017 and 2016, respectively. Because stock option exercises and purchases under the ESPP and SPP are dependent on several factors, including the market price of our common stock, we cannot predict the timing and amount of any future proceeds.

We maintain professional liability insurance policies with third-party insurers, subject to self-insured retention, exclusions and other restrictions. We self-insure our liabilities to pay self-insured retention amounts

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under our professional liability insurance coverage through a wholly owned captive insurance subsidiary. We record liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Our total liability related to professional liability risks at December 31, 2018 was \$244.0 million, of which \$34.9 million is classified as a current liability within accounts payable and accrued expenses in the Consolidated Balance Sheet. In addition, there is a corresponding insurance receivable of \$16.7 million recorded as a component of other assets for certain professional liability claims that are covered by insurance policies.

We anticipate that funds generated from operations, together with our current cash on hand and funds available under our Credit Agreement, will be sufficient to finance our working capital requirements, fund anticipated acquisitions and capital expenditures, fund expenses related to our transformational and restructuring activities, fund our share repurchase programs and meet our contractual obligations as described below for at least the next 12 months from the date of issuance of this Form 10-K.

CONTRACTUAL OBLIGATIONS

At December 31, 2018, we had the following obligations and commitments (in thousands):

Obligation	Payments Due				
	Total	2019	2020 and 2021	2022 and 2023	2024 and Later
Credit Agreement (1)	\$873,710	\$35,041	\$70,081	\$768,588	\$-
Senior Notes (1)	1,694,792	70,625	141,250	887,969	594,948
Capital leases	441	253	188	-	-
Operating leases	103,478	30,824	39,984	22,148	10,522
	<u>\$2,672,421</u>	<u>\$136,743</u>	<u>\$251,503</u>	<u>\$1,678,705</u>	<u>\$605,470</u>

- (1) Amounts include interest payments at the applicable rate as of December 31, 2018 and assume the amount outstanding under our Credit Agreement as of December 31, 2018 will be paid on the maturity date and amounts outstanding under the 2023 Notes and the 2027 Notes will be paid on their maturity dates of December 1, 2023 and January 15, 2027, respectively.

Certain of our acquisition agreements contain contingent consideration provisions based on volume and other performance measures over an up to five-year period. Potential payments under these provisions are not contingent upon the future employment of the sellers. As of December 31, 2018, cash payments of up to \$20.6 million may be due through 2020 under all contingent consideration provisions as follows (in thousands):

2019	\$17,900
2020	2,700
	<u>\$20,600</u>

At December 31, 2018, our total liability for uncertain tax positions was \$12.3 million, all of which is included within other liabilities on our Consolidated Balance Sheets. The timing and amount of future cash flows for each year beyond 2018 cannot be reasonably estimated. See Note 11 to our Consolidated Financial Statements in this Form 10-K for more information regarding our uncertain tax positions.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2018, we leased, under operating lease agreements, space in hospitals and other facilities for our business and medical offices, as well as certain equipment necessary for business operations, which are included in the table above. We did not have any other off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

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RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the accounting guidance related to revenue recognition was amended to outline a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new accounting guidance is to require an entity to recognize as revenue the amount that reflects the consideration to which it expects to be entitled in exchange for goods or services as it transfers control to its customers. The guidance became effective for us on January 1, 2018 and was adopted on a full retrospective basis. The primary change for healthcare providers under the new guidance is the requirement to report the allowance for uncollectibles associated with patient responsibility amounts as a reduction in net revenue as opposed to bad debt expense, a component of operating expenses. The guidance also requires increased disclosures, including qualitative and quantitative disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. We had historically included the allowance for uncollectibles associated with patient responsibility amounts with our allowance for contractual adjustments as a reduction in net revenue as such amounts are not material. Accordingly, the adoption of this guidance did not have an impact on our Consolidated Financial Statements, other than the increased financial statement disclosures.

NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the accounting guidance related to leases was issued that will require an entity to recognize leased assets and the rights and obligations created by those leased assets on the balance sheet and to disclose key information about the entity's leasing arrangements. This guidance became effective for us on January 1, 2019, with early adoption permitted. We expect that the adoption of this guidance will have a material impact on our Consolidated Balance Sheets and related disclosures, resulting from the recognition of significant right of use assets and related liabilities primarily related to our operating lease arrangements for space in hospitals and certain other facilities for its business and medical offices. We have completed the review of our existing lease portfolio and have accumulated all of the necessary information required to properly account for leases under the new guidance. We have implemented a cloud-based software application, inclusive of a lease administration module and an accounting module. We are in the process of finalizing workflows, business processes and internal controls surrounding the new lease accounting process in order to meet the reporting and disclosure requirements.

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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 intend to manage interest rate risk through the use of a combination of fixed rate and variable rate debt. We borrow under our Credit Agreement at various interest rate options based on the Alternate Base Rate or LIBOR rate depending on certain financial ratios. At December 31, 2018, the outstanding principal balance on our Credit Agreement was \$739.5 million, and considering this outstanding balance, a 1% change in interest rates would result in an impact to income before income taxes of \$7.4 million per year.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements and Financial Statement Schedule of MEDNAX, Inc. and its subsidiaries are included in this Form 10-K on the pages set forth below:

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

	<u>Page</u>
Consolidated Financial Statements	
Report of Independent Registered Certified Public Accounting Firm	67
Consolidated Balance Sheets at December 31, 2018 and 2017	69
Consolidated Statements of Income for the Years Ended December 31, 2018, 2017 and 2016	70
Consolidated Statements of Equity for the Years Ended December 31, 2018, 2017 and 2016	71
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017 and 2016	72
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Financial Statement Schedule	
Schedule II—Valuation and Qualifying Accounts for the Years Ended December 31, 2018, 2017 and 2016	99

Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of
MEDNAX, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of MEDNAX, Inc. and its subsidiaries (the “Company”) as of December 31, 2018 and December 31, 2017, and the related consolidated statements of income, equity, and cash flows for each of the three years in the period ended December 31, 2018, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2018, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and December 31, 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control–Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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accordance with generally accepted accounting principles. A company' s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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 its 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 controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Miami, Florida
February 14, 2019

We have served as the Company' s auditor since 1999.

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MEDNAX, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$36,745	\$60,200
Restricted cash	20,000	–
Short-term investments	21,923	10,292
Accounts receivable, net	542,272	503,999
Prepaid expenses	18,763	15,584
Other current assets	17,706	37,160
Total current assets	657,409	627,235
Restricted cash	–	20,000
Investments	69,699	80,682
Property and equipment, net	133,037	123,536
Goodwill	4,382,995	4,283,963
Intangible assets, net	588,312	639,928
Other assets	103,459	91,934
Total assets	<u>\$5,934,911</u>	<u>\$5,867,278</u>
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$469,342	\$438,017
Current portion of long-term debt and capital lease obligations	253	1,401
Income taxes payable	30,598	92,007
Total current liabilities	500,193	531,425
Line of credit	739,500	1,110,500
Long-term debt and capital lease obligations, net	1,234,780	740,923
Long-term professional liabilities	209,060	212,274
Deferred income taxes	131,240	147,797
Other liabilities	32,254	57,905
Total liabilities	2,847,027	2,800,824
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; \$.01 par value; 1,000 shares authorized; none issued	–	–
Common stock; \$.01 par value; 200,000 shares authorized; 87,820 and 93,721 shares issued and outstanding, respectively	878	937
Additional paid-in capital	992,647	1,017,328
Retained earnings	2,094,359	2,048,189
Total shareholders' equity	3,087,884	3,066,454
Total liabilities and shareholders' equity	<u>\$5,934,911</u>	<u>\$5,867,278</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MEDNAX, INC.

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for per share data)

	Years Ended December 31,		
	2018	2017	2016
Net revenue	\$3,647,123	\$3,458,312	\$3,183,159
Operating expenses:			
Practice salaries and benefits	2,535,588	2,337,734	2,031,220
Practice supplies and other operating expenses	122,028	120,518	118,416
General and administrative expenses	432,378	417,105	372,572
Depreciation and amortization	111,281	102,879	89,264
Total operating expenses	3,201,275	2,978,236	2,611,472
Income from operations	445,848	480,076	571,687
Investment and other income	4,935	3,953	2,019
Interest expense	(88,769)	(74,559)	(63,092)
Equity in earnings of unconsolidated affiliates	6,825	952	3,185
Total non-operating expenses	(77,009)	(69,654)	(57,888)
Income before income taxes	368,839	410,422	513,799
Income tax provision	(100,210)	(90,050)	(189,203)
Net income	268,629	320,372	324,596
Net loss attributable to noncontrolling interests	-	-	318
Net income attributable to MEDNAX, Inc.	\$268,629	\$320,372	\$324,914
Per common and common equivalent share data:			
Net income attributable to MEDNAX, Inc.:			
Basic	\$2.95	\$3.47	\$3.52
Diluted	\$2.93	\$3.45	\$3.49
Weighted average common shares:			
Basic	91,104	92,431	92,422
Diluted	91,606	92,958	93,109

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MEDNAX, INC.

CONSOLIDATED STATEMENTS OF EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Noncontrolling Interests	Total Equity
	Number of Shares	Amount				
Balance at December 31, 2015	93,739	\$ 937	\$926,235	\$1,510,356	\$ 318	\$2,437,846
Net income (loss)	-	-	-	324,914	(318)	324,596
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	473	5	22,017	-	-	22,022
Issuance of restricted stock	505	5	(5)	-	-	-
Stock-based compensation expense	-	-	34,000	-	-	34,000
Forfeitures of restricted stock	(53)	(1)	1	-	-	-
Repurchased common stock	(946)	(9)	(12,075)	(49,744)	-	(61,828)
Excess tax benefit related to employee stock incentive plans	-	-	4,131	-	-	4,131
Balance at December 31, 2016	93,718	\$ 937	\$974,304	\$1,785,526	\$ -	\$2,760,767
Net income	-	-	-	320,372	-	320,372
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	528	5	23,271	-	-	23,276
Issuance of restricted stock	536	5	(5)	-	-	-
Issuance of restricted stock for acquisition consideration	69	1	2,657	-	-	2,658
Stock-based compensation expense	-	-	29,573	-	-	29,573
Forfeitures of restricted stock	(92)	(1)	1	-	-	-
Repurchased common stock	(1,038)	(10)	(12,473)	(57,709)	-	(70,192)
Balance at December 31, 2017	93,721	\$ 937	\$1,017,328	\$2,048,189	\$ -	\$3,066,454
Net income	-	-	-	268,629	-	268,629
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	495	5	18,914	-	-	18,919
Issuance of restricted stock	770	8	(8)	-	-	-
Stock-based compensation expense	-	-	38,703	-	-	38,703
Stock swaps	(56)	(1)	(2,660)	-	-	(2,661)
Forfeitures of restricted stock	(69)	(1)	1	-	-	-
Repurchased common stock	(7,041)	(70)	(79,631)	(222,459)	-	(302,160)
Balance at December 31, 2018	87,820	\$ 878	\$992,647	\$2,094,359	\$ -	\$3,087,884

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MEDNAX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	\$268,629	\$320,372	\$324,596
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	111,281	102,879	89,264
Amortization of premiums, discounts and issuance costs	4,572	5,514	4,816
Stock-based compensation expense	38,703	29,573	34,000
Deferred income taxes	(24,149)	(60,073)	18,149
Other	(10,903)	(3,783)	212
Changes in assets and liabilities:			
Accounts receivable	(36,598)	7,803	(34,000)
Prepaid expenses and other current assets	(5,472)	(2,792)	(783)
Other long-term assets	(395)	(2,709)	10,035
Accounts payable and accrued expenses	15,390	24,551	11,617
Income taxes payable	(61,256)	73,050	(2,234)
Payments of contingent consideration liabilities	(1,093)	(750)	(1,037)
Long-term professional liabilities	(4,490)	18,478	(3,452)
Other liabilities	(4,294)	(735)	(7,405)
Net cash provided from operating activities	<u>289,925</u>	<u>511,378</u>	<u>443,778</u>
Cash flows from investing activities:			
Acquisition payments, net of cash acquired	(114,491)	(531,696)	(762,302)
Purchases of investments	(15,884)	(27,723)	(60,976)
Proceeds from maturities of investments	13,710	25,410	41,325
Purchases of property and equipment	(48,868)	(49,309)	(39,264)
Proceeds from sale of controlling interest in assets	22,764	-	-
Other	-	6,705	-
Net cash used in investing activities	<u>(142,769)</u>	<u>(576,613)</u>	<u>(821,217)</u>
Cash flows from financing activities:			
Borrowings on credit agreement	1,723,500	2,846,000	1,940,000
Payments on credit agreement	(2,094,500)	(2,699,000)	(1,510,000)
Proceeds from issuance of senior notes	500,000	-	-
Payments for financing costs	(7,090)	(3,525)	-
Payments of contingent consideration liabilities	(5,263)	(5,449)	(10,740)
Payments on capital lease obligations	(1,356)	(2,267)	(2,130)
Excess tax benefit from exercises of stock options and vesting of restricted stock	-	-	4,241
Proceeds from issuance of common stock	16,258	23,276	22,022
Contribution from noncontrolling interests	-	894	-
Repurchases of common stock	(302,160)	(70,192)	(61,828)
Net cash (used in) provided from financing activities	<u>(170,611)</u>	<u>89,737</u>	<u>381,565</u>
Net (decrease) increase in cash and cash equivalents	(23,455)	24,502	4,126
Cash, cash equivalents and restricted cash at beginning of year	80,200	55,698	51,572
Cash, cash equivalents and restricted cash at end of year	<u>\$56,745</u>	<u>\$80,200</u>	<u>\$55,698</u>
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	\$82,540	\$73,837	\$60,453
Income taxes	\$185,416	\$75,427	\$175,962
Non-cash investing and financing activities:			
Value of common stock issued for acquisitions	\$-	\$2,657	\$-
Equipment financed through capital leases	\$-	\$684	\$1,619
Property and equipment included in accounts payable	\$2,927	\$2,700	\$2,673

The accompanying notes are an integral part of these Consolidated Financial Statements.

MEDNAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General:

The principal business activity of MEDNAX, Inc. (“MEDNAX” or the “Company”) and its subsidiaries is to provide neonatal, anesthesia, radiology and teleradiology, maternal-fetal and other pediatric subspecialty physician services. The Company has contracts with affiliated business corporations or professional associations, limited liability companies and partnerships (“affiliated professional contractors”), which are separate legal entities that provide physician services in certain states and Puerto Rico. The Company and its affiliated professional contractors also have contracts with hospitals and other healthcare facilities to provide physician services, which include (i) fee-for-service contracts, whereby hospitals and other customers agree, in exchange for the Company’s services, to authorize the Company and its healthcare professionals to bill and collect the charges for medical services rendered by the Company’s affiliated healthcare professionals, and (ii) administrative fee contracts, whereby the Company is assured a minimum revenue level.

In addition to its national physician network, the Company also provides services nationwide to healthcare providers, including its own, through complementary businesses including a management services organization specializing in full-service revenue cycle management and a consulting services company.

2. Summary of Significant Accounting Policies:

Principles of Presentation

The consolidated financial statements include all the accounts of the Company and its subsidiaries combined with the accounts of the affiliated professional contractors with which the Company currently has specific management arrangements. The Company’s agreements with affiliated professional contractors provide that the term of the arrangements are in most cases permanent, subject only to termination by the Company, except in the case of gross negligence, fraud or bankruptcy of the Company. The Company has the right to receive income, both as ongoing fees and as proceeds from the sale of its interest in the Company’s affiliated professional contractors, in an amount that fluctuates based on the performance of the affiliated professional contractors and the change in the fair value of the Company’s interest in the affiliated professional contractors. The Company has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the Company’s affiliated professional contractors and establishes the guidelines for the employment and compensation of the physicians. In addition, the agreements provide that the Company has the right, but not the obligation, to purchase, or to designate a person(s) to purchase, the stock of the Company’s affiliated professional contractors for a nominal amount. Separately, in its sole discretion, the Company has the right to assign its interest in the agreements. Based upon the provisions of these agreements, the Company has determined that the affiliated professional contractors are variable interest entities and that the Company is the primary beneficiary as defined in the accounting guidance for consolidation. All significant intercompany and interaffiliate accounts and transactions have been eliminated.

The Company is a party to a joint venture in which it owns a 37.5% economic interest. In January 2018, the Company entered into an additional joint venture in which it owns a 49.0% economic interest. The Company accounts for these joint ventures under the equity method of accounting because the Company exercises significant influence over, but does not control, these entities.

Recently Adopted Accounting Pronouncements

In May 2014, the accounting guidance related to revenue recognition was amended to outline a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new accounting guidance is to require an entity to recognize as revenue the amount that reflects the consideration to

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which it expects to be entitled in exchange for goods or services as it transfers control to its customers. The guidance became effective for the Company on January 1, 2018 and was adopted on a full retrospective basis. The primary change for healthcare providers under the new guidance is the requirement to report the allowance for uncollectibles associated with patient responsibility amounts as a reduction in net revenue as opposed to bad debt expense, a component of operating expenses. The Company has historically included the allowance for uncollectibles associated with patient responsibility amounts with its allowance for contractual adjustments as a reduction in net revenue as such amounts are not material. Accordingly, the adoption of this guidance did not have an impact on the Company's Consolidated Financial Statements, other than increased financial statement disclosures. The guidance requires increased disclosures, including qualitative and quantitative disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

New Accounting Pronouncements

In February 2016, the accounting guidance related to leases was issued that will require an entity to recognize leased assets and the rights and obligations created by those leased assets on the balance sheet and to disclose key information about the entity's leasing arrangements. This guidance became effective for the Company on January 1, 2019, with early adoption permitted. The Company expects that the adoption of this guidance will have a material impact on its Consolidated Balance Sheets and related disclosures, resulting from the recognition of significant right of use assets and related liabilities primarily related to its operating lease arrangements for space in hospitals and certain other facilities for its business and medical offices. The Company has completed the review of its existing lease portfolio and has accumulated all of the necessary information required to properly account for leases under the new guidance. The Company has implemented a cloud-based software application, inclusive of a lease administration module and an accounting module. The Company is in the process of finalizing workflows, business processes and internal controls surrounding the new lease accounting process in order to meet the reporting and disclosure requirements.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("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 revenue and expenses during the reporting periods. Significant estimates and assumptions are involved in the calculation of the Company's allowance for contractual adjustments and uncollectibles on accounts receivable, liabilities for self-insured amounts and claims incurred but not reported related to the Company's professional liability risks and the fair value of goodwill. Actual results could differ from those estimates.

Segment Reporting

The results of the Company's operations are aggregated into a single reportable segment for purposes of presenting financial information in accordance with the accounting guidance for segment reporting.

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The following table summarizes the Company's net revenue by service line (in percentages):

	Years Ended December 31,		
	2018	2017	2016
Neonatology and other pediatric subspecialties	36 %	37 %	39 %
Anesthesiology	35 %	38 %	39 %
Radiology	12 %	8 %	6 %
Maternal-fetal medicine	8 %	8 %	8 %
Management services	6 %	6 %	5 %
Pediatric cardiology	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Revenue Recognition

Patient service revenue is recognized at the time services are provided by the Company's affiliated physicians. The Company's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Almost all of the Company's patient service revenue is reimbursed by GHC Programs and third-party insurance payors. Payments for services rendered to the Company's patients are generally less than billed charges. The Company monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectibles. The Company estimates allowances for contractual adjustments and uncollectibles on accounts receivable based upon historical experience and other factors, including days sales outstanding ("DSO") for accounts receivable, evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the physician rates for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue the Company expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Some of the Company's hospital agreements require hospitals to pay the Company administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that the Company receives a specified minimum revenue level. The Company also receives fees from hospitals for administrative services performed by its affiliated physicians providing medical director or other services at the hospital.

In addition, the Company generates revenue through its management services organization for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee for coding of medical charts, a fixed fee per patient visit as well as a percentage of cash collections received by the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding occurs or the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collected for customers from payors.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed

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throughout the United States and its territories. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of the business units managed by the Company, as well as by the large number of patients and payors, including the various governmental agencies in the states in which the Company provides services. Receivables from government agencies made up approximately 19% and 17% of net accounts receivable at December 31, 2018 and 2017, respectively.

Cash and Cash Equivalents

Cash equivalents are defined as all highly liquid financial instruments with maturities of 90 days or less from the date of purchase. The Company's cash equivalents typically consist of demand deposits, amounts on deposit in money market accounts, and funds invested in overnight repurchase agreements. Cash equivalent balances may, at certain times, exceed federally insured limits.

Certain cash equivalents carried by the Company are subject to the fair value provisions of the accounting guidance for fair value measurements. See "Fair Value Measurements" below.

Restricted Cash

Restricted cash consists of funds in escrow related to a potential future payment for contingent consideration for an acquisition completed in 2017.

Investments

Investments consist of municipal debt securities, federal home loan securities and certificates of deposit. Investments with remaining maturities of less than one year are classified as short-term investments. Investments classified as long-term have maturities of one year to five years.

The Company intends and has the ability to hold its securities to maturity, and therefore carries such investments at amortized cost in accordance with the provisions of the accounting guidance for investments in debt securities.

Property and Equipment

Property and equipment are recorded at original purchase cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the underlying assets. Estimated useful lives are generally 30 years for buildings; three to seven years for medical equipment, computer equipment, software and furniture; and the lesser of the useful life or the remaining lease term for leasehold improvements and capital leases. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in earnings.

Business Acquisitions

The Company accounts for all business acquisitions at fair value and expenses acquisition costs as they are incurred. Any identifiable assets acquired and liabilities assumed are recognized and measured at their respective fair values on the acquisition date. If information about facts and circumstances existing as of the acquisition date is incomplete at the end of the reporting period in which a business acquisition occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives sufficient information to finalize the fair values; however, the period will not exceed one year from the acquisition date. Any adjustments to provisional amounts that are identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

In connection with certain acquisitions, the Company enters into agreements to pay additional amounts in cash or common stock based on the achievement of certain performance measures for up to five years ending

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after the acquisition dates. The Company measures this contingent consideration at fair value at the acquisition date and records such contingent consideration as a liability or equity on the Company's Consolidated Balance Sheets on the acquisition date. The fair value of each contingent consideration liability is remeasured at each reporting period with any change in fair value recognized as income or expense within operations in the Company's Consolidated Statements of Income. See Note 6 for more information on the Company's business acquisitions.

Goodwill and Other Intangible Assets

The Company records acquired assets and assumed liabilities at their respective fair values under the acquisition method of accounting. Goodwill represents the excess of purchase price over the fair value of the net assets acquired. Intangible assets with finite lives, principally physician and hospital agreements, customer relationships, patented technology and trade names, are recognized apart from goodwill at the time of acquisition based on the contractual-legal and separability criteria established in the accounting guidance. Intangible assets with finite lives are amortized on either an accelerated basis based on the annual undiscounted economic cash flows associated with the particular intangible asset or on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are amortized over periods of one to 20 years.

Goodwill is tested for impairment at a reporting unit level on at least an annual basis in accordance with the subsequent measurement provisions of the accounting guidance for goodwill. The Company defines a reporting unit based upon its management structure for services provided in specific regions of the United States. The Company early adopted new accounting guidance in 2017 that requires only a single-step quantitative test with any goodwill impairment measured as the amount by which a reporting unit's carrying value exceeds its fair value. The Company uses income and market-based valuation approaches to determine the fair value of its reporting units. These approaches focus on discounted cash flows and market multiples based on the Company's market capitalization to derive the fair value of a reporting unit. The Company also considers the economic outlook for the healthcare services industry and various other factors during the testing process, including hospital and physician contract changes, local market developments, changes in third-party payor payments, and other publicly available information. The Company completed annual impairment tests in the third quarter of each of 2018, 2017 and 2016 and determined that goodwill was not impaired in any of the three years.

Long-Lived Assets

The Company is required to evaluate long-lived assets, including intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying value of the assets may not be fully recoverable. The recoverability of such assets is measured by a comparison of the carrying value of the assets to the future undiscounted cash flows before interest charges to be generated by the assets. If long-lived assets are impaired, the impairment to be recognized is measured as the excess of the carrying value over the fair value. Long-lived assets held for disposal are reported at the lower of the carrying value or fair value less disposal costs. The Company does not believe there are any indicators that would require an adjustment to such assets or their estimated periods of recovery at December 31, 2018 pursuant to current accounting standards.

Common Stock Repurchases

The Company repurchases shares of its common stock as authorized from time to time by its Board of Directors. The Company treats repurchased shares of its common stock as retired as any repurchased shares become authorized but unissued shares. The reacquisition cost of repurchased shares is recorded as a reduction in the respective components of shareholders' equity.

Professional Liability Coverage

The Company maintains professional liability insurance policies with third-party insurers generally on a claims-made basis, subject to deductibles or self-insured retention, exclusions and other restrictions. The

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Company's self-insured retention under its professional liability insurance program is maintained primarily through a wholly owned captive insurance subsidiary. The Company records an estimate of liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Liabilities for claims incurred but not reported are not discounted.

Income Taxes

The Company records deferred income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. If it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is provided against such deferred tax assets. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The accounting guidance for uncertain tax positions prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also requires policy disclosures regarding penalties and interest and extensive disclosures regarding increases and decreases in uncertain tax positions as a result of tax positions taken in a current or prior period, settlements with taxing authorities and any lapse of an applicable statute of limitations. Additional qualitative discussion is required for any tax position that may result in a significant increase or decrease in uncertain tax positions within a 12-month period from the Company's reporting date.

Stock Incentive Plans

The Company grants stock-based awards consisting primarily of restricted stock to key employees under its Amended and Restated 2008 Incentive Compensation Plan, as amended. The Company measures the cost of employee services received in exchange for stock-based awards based on grant-date fair value and allocates the resulting compensation expense over the corresponding requisite service period using the graded vesting attribution method. The Company also performs analyses to estimate forfeitures of stock-based awards on an annual basis and adjusts the estimates as necessary based on the number of awards that ultimately vest.

Net Income Per Common Share

Basic net income per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share is calculated by dividing net income by the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of outstanding restricted stock, deferred stock and stock options and is calculated using the treasury stock method. On January 1, 2017, the Company adopted new accounting guidance that no longer permits the Company to include the assumed excess tax benefits related to the potential exercise or vesting of its stock-based awards in the treasury stock method computation.

Fair Value Measurements

In accordance with the accounting guidance for fair value measurements and disclosures, the Company carries its money market funds included in cash and cash equivalents at fair value. In accordance with the three-tier fair value hierarchy under this guidance, the Company determined the fair value using quoted market prices, a Level 1 input as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's money market funds had a fair value of \$0.5 million and \$9.2 million, respectively.

The Company also carries the cash surrender value of life insurance related to its deferred compensation arrangements at fair value. The investments underlying the life insurance contracts consist primarily of

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exchange-traded equity securities and mutual funds with quoted prices in active markets. In accordance with the three-tier fair value hierarchy, the Company determined the fair value using the cash surrender value of the life insurance, a Level 2 input as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's cash surrender value of life insurance had a fair value of \$10.5 million and \$15.6 million, respectively.

In addition, the Company carries its contingent consideration liabilities related to acquisitions at fair value. In accordance with the three-tier fair value hierarchy, the Company determined the fair value of its contingent consideration liabilities using the income approach with assumed discount rates and payment probabilities. The income approach uses Level 3, or unobservable inputs as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's contingent consideration liabilities had a fair value of \$20.0 million and \$30.5 million, respectively. See Note 6 for more information regarding the Company's contingent consideration liabilities.

The carrying amounts of cash equivalents, short-term investments, accounts receivable and accounts payable and accrued expenses approximate fair value due to the short maturities of the respective instruments. The carrying values of long-term investments, line of credit, variable rate long-term debt and capital lease obligations approximate fair value. If the Company's investments were measured at fair value, they would be categorized as Level 2 in the fair value hierarchy. If the Company's line of credit was measured at fair value, it would be categorized as Level 2 in the fair value hierarchy. See Note 10 for information regarding the fair value of the Company's 5.25% senior unsecured notes due 2023 (the "2023 Notes") and 6.25% senior unsecured notes due 2027 (the "2027 Notes").

3. Investments:

Investments held are summarized as follows (in thousands):

	December 31, 2018		December 31, 2017	
	Short-Term	Long-Term	Short-Term	Long-Term
Municipal debt securities	\$ 18,473	\$ 30,841	\$ 8,312	\$ 46,195
Federal home loan securities	2,000	34,393	1,000	30,322
Certificates of deposit	1,450	4,465	980	4,165
	<u>\$ 21,923</u>	<u>\$ 69,699</u>	<u>\$ 10,292</u>	<u>\$ 80,682</u>

Contractual maturities of long-term investments are summarized as follows (in thousands):

	December 31,	
	2018	2017
Due after one year through five years	\$69,699	\$78,561
Due after five years through six years	–	2,121
	<u>\$69,699</u>	<u>\$80,682</u>

4. Accounts Receivable and Net Revenue:

Accounts receivable, net consists of the following (in thousands):

	December 31,	
	2018	2017
Gross accounts receivable	\$2,031,341	\$1,790,034
Allowance for contractual adjustments and uncollectibles	(1,489,069)	(1,286,035)
	<u>\$542,272</u>	<u>\$503,999</u>

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Net revenue consists of the following (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Net patient service revenue	\$3,067,784	\$2,915,648	\$2,760,192
Hospital contract administrative fees	363,369	315,778	271,886
Management services and other	215,970	226,886	151,081
	<u>\$ 3,647,123</u>	<u>\$ 3,458,312</u>	<u>\$ 3,183,159</u>

The following is a summary of our payor mix, expressed as a percentage of net revenue, exclusive of administrative fees and revenue related to management services and other, for the periods indicated:

	Years Ended December 31,		
	2018	2017	2016
Contracted managed care	70 %	70 %	70 %
Government	24 %	25 %	23 %
Other third-parties	4 %	4 %	6 %
Private-pay patients	2 %	1 %	1 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Accounts receivable of \$542.3 million and \$504.0 million at December 31, 2018 and 2017, respectively, consist primarily of amounts due from GHC Programs and third-party insurance payors for services provided by the Company's affiliated physicians.

Net revenue of \$3.6 billion, \$3.5 billion and \$3.2 billion for the years ended December 31, 2018, 2017 and 2016, respectively, consists primarily of gross billed charges for services provided by the Company's affiliated physicians less an estimated allowance for contractual adjustments and uncollectibles to properly account for the anticipated differences between gross billed charge amounts and expected reimbursement amounts.

The Company's contractual adjustments and uncollectibles as a percentage of gross patient service revenue vary slightly each year depending on several factors, including improved managed care contracting, changes in reimbursement from state Medicaid programs and other GHC Programs, shifts in the percentage of patient services being reimbursed under GHC Programs and annual price increases.

The Company's annual price increases typically increase contractual adjustments as a percentage of gross patient service revenue. This increase is primarily due to Medicaid, Medicare and other GHC Programs that generally provide for reimbursements on a fee-schedule basis rather than on a gross charge basis. When the Company bills these programs, like other payors, on a gross-charge basis, it also increases its provision for contractual adjustments and uncollectibles by the amount of any price increase, resulting in a higher contractual adjustment percentage.

Some of the Company's hospital agreements require hospitals to pay the Company administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that the Company receives a specified minimum revenue level. The Company also receives fees from hospitals for administrative services performed by its affiliated physicians providing medical director or other services at the hospital.

In addition, the Company generates revenue through its management services organization for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee for coding of medical charts, a fixed fee per patient visit as well as a

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percentage of cash collections received by the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding occurs or the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collected for customers from payors.

5. Property and Equipment:

Property and equipment consists of the following (in thousands):

	December 31,	
	2018	2017
Building	\$33,189	\$33,024
Land	6,683	6,683
Equipment and other	300,981	253,453
	340,853	293,160
Accumulated depreciation	(207,816)	(169,624)
	<u>\$133,037</u>	<u>\$123,536</u>

At December 31, 2018 and 2017, property and equipment includes medical and other equipment held under capital leases of \$4.8 million and \$6.1 million, and related accumulated depreciation of \$4.0 million and \$4.6 million, respectively. The Company recorded depreciation expense of \$38.5 million, \$33.9 million and \$29.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

6. Business Acquisitions:

During the year ended December 31, 2018, the Company completed nine physician group practice acquisitions, including five radiology practices, two neonatology practices and two other pediatric subspecialty practices. The acquisition-date fair value of the total consideration for the nine acquisitions was \$111.8 million, net of cash acquired. In connection with these acquisitions, the Company recorded goodwill of \$95.0 million, other intangible assets consisting primarily of physician and hospital agreements of \$17.2 million, current assets of \$1.7 million and other liabilities of \$2.1 million.

These acquisitions expanded the Company's national network of physician practices. The Company expects to improve the results of physician practices through improved managed care contracting, improved collections and identification of growth initiatives, as well as operating and cost savings based on the significant infrastructure it has developed. With respect to the Company's acquisition of radiology physician practices, the Company believes that it brings a unique value proposition to radiology physician groups, in that the Company can provide practice management support and a technology platform enabling radiology to be practiced at a national level, as well as teleradiology capabilities that can enhance a physician group's efficiency, provide subspecialty access and help them to grow strategically and remain competitive while meeting the demands of their hospital partners, third-party payors and regulatory bodies. In addition, the Company believes that radiology physician group practice physicians can complement the staffing needs for its teleradiology services business during certain times, such as nights and weekends, when such physicians are not providing services at their practices.

During the year ended December 31, 2018, in connection with certain prior-period acquisitions, the Company paid \$6.4 million for contingent consideration and \$1.2 million for purchase consideration that had been held back pending satisfaction of certain conditions. Of these amounts, all except for the accretion recorded during 2018 were accrued as of December 31, 2017. In addition, the Company recorded a decrease of \$5.3 million related to the change in the fair value of a contingent consideration agreement for which the probability of the achievement of certain performance measures was updated. This change in fair value of contingent consideration was recorded within operating expenses.

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In connection with certain prior-period acquisitions, the Company also recorded a net increase in goodwill of \$4.0 million composed of a decrease in current assets of \$1.2 million, a decrease in noncurrent assets of \$1.5 million and a decrease in liabilities of \$0.2 million for measurement-period adjustments resulting from the finalization of acquisition accounting as well as additional cash consideration of \$1.5 million related to a working capital true up.

In January 2018, the Company completed the sale of a controlling interest and the contribution of remaining assets to a joint venture related to the \$46.0 million of assets held for sale at December 31, 2017. The Company accounts for its 49.0% economic interest in the joint venture as an equity method investment. The investment in this joint venture is included in other assets as presented in the Company's Condensed Consolidated Balance Sheet.

On November 1, 2018, the Company announced the initiation of a process to potentially divest the Company's management services service line to allow the Company to focus the organization on its core physician services business. There can be no assurance that this process will result in a transaction, and the Company may decide to retain all or part of the management services service line. The Company had expected that the management services service line could be classified as assets and liabilities held for sale within the Company's Consolidated Balance Sheets and that historical operating results of the service line could be reported as discontinued operations in the Company's Consolidated Statements of Income for the year ended December 31, 2018; however, the criteria for such classification was not met at December 31, 2018. The management services service line continues to be classified as held and used as of December 31, 2018.

During the year ended December 31, 2017, the Company completed 10 physician group practice acquisitions, including four radiology practices, two maternal-fetal medicine practices, one neonatology practice, one pediatric multi-specialty practice and two other pediatric subspecialty practices.

On March 31, 2017, the Company sold its 75% economic interest in a joint venture that was previously consolidated. The deconsolidation and removal of 100% of the carrying value of the joint venture's net assets resulted in a gain on sale that was not material.

7. Goodwill and Intangible Assets:

Goodwill was \$4.4 billion and \$4.3 billion at December 31, 2018 and 2017, respectively. The change in the carrying amount of goodwill of \$99.0 million during the year ended December 31, 2018 is primarily related to the Company's 2018 acquisitions. The Company expects that \$63.0 million of the goodwill recorded during the year ended December 31, 2018 will be deductible for tax purposes.

The Company's management services reporting unit has experienced lower operating results than previously forecasted primarily due to a slower rate of new customer bookings and an increase in customer termination activity. The Company continues to believe that the fair value of the reporting unit exceeds the carrying value, and accordingly the goodwill assigned to the management services reporting unit is not impaired. Although the Company believes that the current assumptions and estimates used in its goodwill analysis are reasonable, supportable and appropriate, continued efforts to maintain or improve the performance of this business could be impacted by unfavorable or unforeseen changes which could impact the existing assumptions used in the impairment analysis. Various factors could reasonably be expected to unfavorably impact existing assumptions, primarily delays in new customer bookings and the related delay in revenue from new customers, increases in customer termination activity or increases in operating costs. Accordingly, there can be no assurance that the estimates and assumptions made for the purposes of the goodwill impairment analysis will prove to be accurate predictions of future performance. The carrying value of the Company's management services reporting unit included goodwill of \$321.6 million as of December 31, 2018. The Company will continue to closely monitor the performance of the management services reporting unit. If an impairment loss is required in a future period, it could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of the Company's securities.

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Intangible assets, net, consist of the following (in thousands):

	December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Physician and hospital agreements	\$ 376,871	\$ (223,589)	\$ 153,282
Customer relationships	443,300	(71,870)	371,430
Trade names	43,156	(4,630)	38,526
Patented and other technology	47,561	(22,487)	25,074
	<u>\$910,888</u>	<u>\$(322,576)</u>	<u>\$588,312</u>

	December 31, 2017		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Physician and hospital agreements	\$ 381,635	\$ (203,915)	\$ 177,720
Customer relationships	443,300	(48,837)	394,463
Trade names	43,156	(2,933)	40,223
Patented and other technology	38,590	(11,068)	27,522
	<u>\$906,681</u>	<u>\$(266,753)</u>	<u>\$639,928</u>

During the year ended December 31, 2018, the Company recorded intangible assets related to acquisitions totaling \$17.2 million, consisting primarily of physician and hospital agreements. The weighted-average amortization period for these physician and hospital agreements is approximately nine years.

Amortization expense for intangible assets was \$72.8 million, \$68.9 million and \$60.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Amortization expense for existing intangible assets for the next five years is expected to be as follows (in thousands):

2019	\$66,532
2020	59,969
2021	53,771
2022	46,249
2023	40,448

8. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31,	
	2018	2017
Accounts payable	\$31,059	\$34,632
Accrued salaries and bonuses	249,834	225,429
Accrued payroll taxes and benefits	80,369	75,672
Accrued professional liabilities	34,931	37,912
Accrued contingent consideration	18,760	6,259
Accrued interest	9,477	4,495
Other accrued expenses	44,912	53,618
	<u>\$469,342</u>	<u>\$438,017</u>

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9. Accrued Professional Liabilities:

At December 31, 2018 and 2017, the Company's total accrued professional liabilities of \$244.0 million and \$250.2 million, respectively, included incurred but not reported loss reserves of \$139.1 million and \$138.5 million, respectively, and loss reserves for reported claims of \$104.9 million and \$111.7 million, respectively. Of the total liability, \$34.9 million is classified as a current liability within accounts payable and accrued expenses in the Consolidated Balance Sheet. In addition, there is a corresponding insurance receivable of \$16.7 million recorded as a component of other assets for certain professional liability claims that are covered by third-party insurance policies.

The activity related to the Company's total accrued professional liability for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$250,187	\$202,052	\$202,527
Assumed liabilities through acquisition	1,276	20,716	-
Provision (adjustment) for losses related to:			
Current year	34,483	41,291	38,129
Prior years	10,299	9,983	(25,428)
Total provision for losses	44,782	51,274	12,701
Claim payments related to:			
Current year	(555)	(712)	(766)
Prior years	(51,699)	(23,143)	(12,410)
Total payments	(52,254)	(23,855)	(13,176)
Balance at end of year	<u>\$243,991</u>	<u>\$250,187</u>	<u>\$202,052</u>

The net decrease in the Company's total accrued professional liability for the year ended December 31, 2018 was primarily related to an increase in claims payments made in the current year, partially offset by overall unfavorable trends in the Company's claims experience that impacted its provision for losses. The net increase in the Company's total accrued professional liability for the year ended December 31, 2017 was primarily related to overall unfavorable trends in the Company's claims experience that impacted its provision for losses and growth in the program from acquisitions.

10. Line of Credit, Long-Term Debt and Capital Lease Obligations:

The Company's Credit Agreement provides for a \$2.0 billion unsecured revolving credit facility and includes a \$37.5 million sub-facility for the issuance of letters of credit. In November 2018, the Company amended and restated its Credit Agreement to make certain technical, conforming and other changes. The Credit Agreement matures on October 31, 2022 and is guaranteed by substantially all of the Company's subsidiaries and affiliated professional associations and corporations. At the Company's option, borrowings under the Credit Agreement will bear interest at (i) the alternate base rate (defined as the higher of (a) the prime rate, (b) the Federal Funds Rate plus 1/2 of 1.00% and (c) LIBOR for an interest period of one month plus 1.00%) plus an applicable margin rate ranging from 0.125% to 0.750% based on the Company's consolidated leverage ratio or (ii) the LIBOR rate plus an applicable margin rate ranging from 1.125% to 1.750% based on the Company's consolidated leverage ratio. The Credit Agreement also calls for other customary fees and charges, including an unused commitment fee ranging from 0.150% to 0.300% of the unused lending commitments, based on the Company's consolidated leverage ratio.

The Credit Agreement contains customary covenants and restrictions, including covenants that require the Company to maintain a minimum interest charge ratio, not to exceed a specified consolidated leverage ratio and

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to comply with laws, and restrictions on the ability of the Company to pay dividends and make certain other distributions, as specified therein. Failure to comply with these covenants would constitute an event of default under the Credit Agreement, notwithstanding the ability of the Company to meet its debt service obligations. The Credit Agreement also includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the Credit Agreement.

In December 2015, the Company completed a private offering of \$750.0 million aggregate principal amount of 2023 Notes. In November 2018, the Company completed a private offering of \$500.0 million aggregate principal amount of 2027 Notes. The Company's obligations under the 2023 Notes and the 2027 Notes are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional contractors that guarantee the Credit Agreement. Interest on the 2023 Notes accrues at the rate of 5.25% per annum and is payable semi-annually in arrears on June 1 and December 1. Interest on the 2027 Notes accrues at the rate of 6.25% per annum and is payable semi-annually in arrears on January 15 and July 15, with the initial interest payment due on January 15, 2019.

As of December 31, 2018, the Company may redeem all or a portion of the 2023 Notes, at the redemption prices of 102.625% in 2019, 101.313% in 2020 and 100% in 2021 and thereafter, plus accrued and unpaid interest to the redemption date.

At any time prior to January 15, 2022, the Company may redeem all or a portion of the 2027 Notes at a redemption price equal to 100% of the principal amount of the notes being redeemed plus an applicable redemption premium and accrued and unpaid interest to the redemption date. In addition, at any time prior to January 15, 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2027 Notes at a redemption price of 106.250% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, using proceeds from one or more equity offerings. On or after January 15, 2022, the Company may redeem all or a portion of the 2027 Notes, at the redemption prices of 104.688% in 2022, 103.125% in 2023, 101.563% in 2024 and 100% in 2025 and thereafter, plus accrued and unpaid interest to the redemption date.

The indenture under which the 2023 Notes and the 2027 Notes are issued, among other things, limits our ability to (1) incur liens and (2) enter into sale and lease-back transactions, and also limits our ability to merge or dispose of all or substantially all of our assets, in all cases, subject to a number of customary exceptions. Although we are not required to make mandatory redemption or sinking fund payments with respect to the 2023 Notes or the 2027 Notes, upon the occurrence of a change in control of MEDNAX, we may be required to repurchase the 2023 Notes or the 2027 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2023 Notes and the 2027 Notes repurchased plus accrued and unpaid interest.

The carrying value of the Company's long-term debt was \$2.0 billion and \$1.8 billion at December 31, 2018 and 2017, respectively, and consisted of the following (in thousands):

	December 31, 2018		
	Principal	Unamortized Debt Issuance Costs	Total
Senior Notes	\$1,250,000	\$(15,408)	\$1,234,592
Revolving line of credit	739,500	(4,274)	735,226
Total	<u>\$1,989,500</u>	<u>\$(19,682)</u>	<u>\$1,969,818</u>

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	December 31, 2017		
	Unamortized		
	Principal	Debt Issuance Costs	Total
Senior Notes	\$750,000	\$(9,503)	\$740,497
Revolving line of credit	1,110,500	(4,864)	1,105,636
Total	\$1,860,500	\$(14,367)	\$1,846,133

The Company presents issuance costs related to long-term debt liabilities, other than revolving credit arrangements, as a direct deduction from the carrying value of that long-term debt. The Company has outstanding letters of credit which reduced the amount available under the Credit Agreement by \$0.2 million at December 31, 2018. At December 31, 2018, the Company had an available balance on its Credit Agreement of \$1.3 billion.

The carrying values of the Company' s variable rate revolving line of credit approximates fair value due to the short-term nature of the interest rates. The estimated fair value of the Company' s 2023 Notes and 2027 Notes were estimated using trading prices as of December 31, 2018 and 2017, respectively, as Level 2 inputs to estimate fair value and are summarized as follows (in thousands):

	December 31,	
	2018	2017
2023 Notes	\$736,725	\$763,125
2027 Notes	482,500	-

The Company' s capital lease obligations consist of the following (in thousands):

	December 31,	
	2018	2017
Capital lease obligations	\$441	\$1,826
Less: Current portion	(253)	(1,401)
Long-term portion	<u>\$188</u>	<u>\$425</u>

The amounts due under the terms of the Company' s capital lease obligations at December 31, 2018 are as follows:

2019	\$253
2020	114
2021	74

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11. Income Taxes:

The components of the income tax provision (benefit) are as follows (in thousands):

	December 31,		
	2018	2017	2016
Federal:			
Current	\$97,754	\$130,053	\$166,758
Deferred	(20,176)	(63,038)	15,596
	<u>77,578</u>	<u>67,015</u>	<u>182,354</u>
State:			
Current	26,605	20,070	4,296
Deferred	(3,973)	2,965	2,553
	<u>22,632</u>	<u>23,035</u>	<u>6,849</u>
Total	<u>\$100,210</u>	<u>\$90,050</u>	<u>\$189,203</u>

The Company files its tax return on a consolidated basis with its subsidiaries, and its affiliated professional contractors file tax returns on an individual basis.

Beginning on January 1, 2018, the Company's statutory tax rate was reduced from 35.0% to 21.0% as a result of legislation enacted under the Tax Cuts and Jobs Act of 2017 ("TCJA"). The effective tax rate was 27.2%, 21.9% and 36.8% for the years ended December 31, 2018, 2017 and 2016, respectively. During the three months ended December 31, 2017, the Company recorded a \$70.0 million income tax benefit related to the reduction of its net deferred tax liability resulting from the reduction in the corporate tax rate under the TCJA. During the three months ended September 30, 2016, the Company settled a certain tax matter with a taxing authority. In connection with this settlement, the Company's effective income tax rate was favorably impacted by \$10.6 million.

The differences between the effective rate and the United States federal income tax statutory rate are as follows:

	December 31,		
	2018	2017	2016
Tax at statutory rate	21.00%	35.00 %	35.00%
State income tax, net of federal benefit	4.80	3.33	2.94
Non-deductible expenses	0.44	0.49	0.43
Change in accrual estimates relating to uncertain tax positions	0.05	0.02	(2.11)
Change in valuation allowance	-	-	0.48
Other, net	1.20	0.16	0.06
Change in tax law	(0.32)	(17.06)	-
Income tax provision	<u>27.17%</u>	<u>21.94 %</u>	<u>36.80%</u>

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All of the Company's deferred tax assets and liabilities are classified as long-term. The significant components of deferred income tax assets and liabilities are as follows (in thousands):

	December 31,	
	2018	2017
Allowance for uncollectible accounts	\$194,876	\$80,056
Reserves and accruals	59,270	45,454
Stock-based compensation	9,201	7,975
Net operating loss carryforward	25,226	28,569
Property and equipment	26	685
Other	1,197	970
Deferred tax assets before valuation allowance	289,796	163,709
Less: Valuation allowance	(2,628)	(2,615)
Deferred tax assets, net of valuation allowance	287,168	161,094
Gross deferred tax liabilities:		
Amortization	(286,552)	(258,618)
Accounting method changes	(109,418)	(4,150)
Accrual to cash adjustment	(39)	(31,290)
Other	(489)	-
Total deferred tax liabilities	(396,498)	(294,058)
Net deferred tax liability	<u><u>\$ (109,330)</u></u>	<u><u>\$ (132,964)</u></u>

The Company's net deferred tax liability decreased by \$23.6 million during 2018. During 2018, certain of the Company's affiliated professional contractors elected to change their method of accounting from cash basis to accrual basis for income tax purposes. During the year ended December 31, 2018, the increases in allowance for uncollectible accounts of \$114.8 million and accounting method changes of \$105.3 million as well as the decrease in accrual to cash adjustment of \$31.3 million primarily relate to these accounting method changes.

Beginning January 1, 2017, excess tax benefits or deficiencies associated with the exercise of stock options, the vesting of restricted and deferred stock and the purchase of shares under the Company's non-qualified employee stock purchase plan are recognized as income tax benefits or expenses in the income statement in the reporting period in which they occur instead of an increase or decrease to additional paid-in-capital. For the years ended December 31, 2018 and 2017, income tax expense of \$1.4 million and \$0.2 million, respectively, was recognized for excess tax deficiencies. For the year ended December 31, 2016, additional paid-in-capital was increased by \$4.2 million for excess tax benefits.

The Company has net operating loss carryforwards for federal and state tax purposes totaling \$101.9 million, \$116.0 million and \$130.0 million at December 31, 2018, 2017 and 2016, respectively. With respect to the December 31, 2018 balance, approximately \$74.3 million expires at various times from 2019 through 2038, and \$27.6 million does not expire.

As of December 31, 2018, 2017 and 2016, the Company's liability for uncertain tax positions, excluding accrued interest and penalties, was \$11.2 million, \$11.0 million and \$9.5 million, respectively. As of December 31, 2018, the Company had \$10.9 million of uncertain tax positions that, if recognized, would favorably impact its effective tax rate.

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The following table summarizes the activity related to the Company's liability for uncertain tax positions for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$10,972	\$9,469	\$18,447
Increases related to prior year tax positions	385	2,284	301
Decreases related to prior year tax positions	–	(143)	(3,927)
Increases related to current year tax positions	2,900	1,430	2,258
Settlements	–	–	(5,644)
Decreases related to lapse of statutes of limitation	(3,072)	(2,068)	(1,966)
Balance at end of year	<u>\$11,185</u>	<u>\$10,972</u>	<u>\$9,469</u>

During the years ended December 31, 2018 and 2017, the Company increased its liability for uncertain tax positions by a total of \$0.2 million and \$1.5 million, respectively, primarily related to additional taxes on current and prior year positions, partially offset by the expiration of statutes of limitation. In addition, the Company anticipates that its liability for uncertain tax positions will increase by \$0.2 million over the next 12 months.

The Company includes interest and penalties related to income tax liabilities in income tax expense. The income tax benefit recognized by the Company for interest and penalties during the year ended December 31, 2018 was nominal. The Company recognized income tax benefits of \$0.2 million and \$7.9 million related to interest and penalties during the years ended December 31, 2017 and 2016, respectively. At December 31, 2018 and 2017, the Company's accrued liability for interest and penalties related to income tax liabilities totaled \$1.1 million and \$1.2 million, respectively.

The Company is currently subject to U.S. Federal and various state income tax examinations for the tax years 2014 through 2017.

12. Common and Common Equivalent Shares:

The calculation of shares used in the basic and diluted net income per share calculation for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Weighted average number of common shares outstanding	91,104	92,431	92,422
Weighted average number of dilutive common share equivalents	502	527	687
Weighted average number of common and common equivalent shares outstanding	<u>91,606</u>	<u>92,958</u>	<u>93,109</u>
Antidilutive securities not included in the diluted net income per common share calculation	<u>214</u>	<u>107</u>	<u>2</u>

13. Stock Incentive Plans and Stock Purchase Plans:

The Company's Amended and Restated 2008 Incentive Compensation Plan, as amended (the "Amended and Restated 2008 Incentive Plan") provides for grants of stock options, stock appreciation rights, restricted stock, deferred stock, and other stock-related awards and performance awards that may be settled in cash, stock or other property.

Under the Amended and Restated 2008 Incentive Plan, options to purchase shares of common stock may be granted at a price not less than the fair market value of the shares on the date of grant. The options must be

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exercised within 10 years from the date of grant and generally become exercisable on a pro rata basis over a three-year period from the date of grant. The Company issues new shares of its common stock upon exercise of its stock options. Restricted stock awards generally vest over periods of three years upon the fulfillment of specified service-based conditions and in certain instances performance-based conditions. Deferred stock awards generally vest upon the satisfaction of specified performance-based conditions or service-based conditions. The Company recognizes compensation expense related to its restricted stock and deferred stock awards ratably over the corresponding vesting periods. At December 31, 2018, the Company had 2.0 million shares available for future grants and awards under its Amended and Restated 2008 Incentive Plan.

Under the Company's 1996 Non-Qualified Employee Stock Purchase Plan, as amended (the "ESPP"), employees are permitted to purchase the Company's common stock at 85% of market value on January 1st, April 1st, July 1st and October 1st of each year. Under the Company's 2015 Non-Qualified Stock Purchase Plan (the "SPP"), certain eligible non-employee service providers are permitted to purchase the Company's common stock at 90% of market value on January 1st, April 1st, July 1st and October 1st of each year.

Each of the ESPP and the SPP provide for the issuance of an of aggregate 2.6 million shares of the Company's common stock less the number of shares of common stock purchased under the other plan. The Company recognizes stock-based compensation expense for the discount received by participating employees and non-employee service providers. During the year ended December 31, 2018, 0.4 million shares were issued under the ESPP and SPP. At December 31, 2018, the Company had 1.6 million shares in aggregate reserved for issuance under the ESPP and SPP.

The Company recognized \$38.7 million, \$29.6 million and \$34.0 million of stock-based compensation expense related to its stock incentive plans, the ESPP and the SPP during the years ended December 31, 2018, 2017 and 2016, respectively.

The activity related to the Company's restricted stock and deferred stock awards and the corresponding weighted average grant-date fair values for the year ended December 31, 2018 are as follows:

	Number of Shares	Weighted Average Fair Value
Non-vested shares at January 1, 2018	1,041,034	\$ 60.21
Awarded	770,480	\$ 51.99
Forfeited	(69,293)	\$ 56.65
Vested	(431,368)	\$ 63.57
Non-vested shares at December 31, 2018	<u>1,310,853</u>	\$ 54.46

The aggregate fair value of the restricted and deferred stock that vested during the years ended December 31, 2018, 2017 and 2016 was \$27.4 million, \$29.3 million and \$29.8 million, respectively.

The weighted average grant-date fair value of restricted and deferred stock awards that were granted during the years ended December 31, 2018, 2017 and 2016 was \$51.99, \$54.22 and \$67.90, respectively.

At December 31, 2018, the total stock-based compensation cost related to non-vested restricted and deferred stock remaining to be recognized as compensation expense over a weighted-average period of 1.4 years was \$30.8 million.

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The Company did not grant any stock options in 2018, 2017, or 2016, and all stock-based compensation cost related to stock options has been recognized. The activity and certain other information related to the Company's outstanding stock option awards for the year ended December 31, 2018 are as follows:

	<u>Number of Stock Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value (in millions)</u>
Outstanding at January 1, 2018	246,342	\$27.51		
Exercised	(133,366)	\$27.38		\$ 2.8
Outstanding and exercisable at December 31, 2018	<u>112,976</u>	<u>\$27.65</u>	<u>1.3</u>	<u>\$ 0.7</u>

The aggregate intrinsic value of stock options exercised during the years ended December 31, 2018, 2017 and 2016 was \$2.8 million, \$5.5 million and \$6.8 million, respectively.

There were no excess tax benefits recognized in additional paid-in capital in 2018 or 2017 due to the adoption of new accounting guidance on January 1, 2017 that requires excess tax benefits to be recognized in the income statement. The net excess tax benefit recognized in additional paid-in capital related primarily to stock options, restricted stock and deferred stock for the year ended December 31, 2016 was \$4.1 million. The cash proceeds received from the exercise of stock options for the years ended December 31, 2018, 2017 and 2016 were \$3.7 million, \$4.8 million and \$4.7 million, respectively.

14. Common Stock Repurchase Programs:

In July 2013, the Company's Board of Directors authorized the repurchase of shares of the Company's common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares under the Company's equity compensation programs. The share repurchase program allows the Company to make open market purchases from time-to-time based on general economic and market conditions and trading restrictions. The repurchase program also allows for the repurchase of shares of the Company's common stock to offset the dilutive impact from the issuance of shares, if any, related to the Company's acquisition program. Shares repurchased by the Company during the second quarter of 2018 completed the repurchases under the program with respect to issuances of shares under the Company's equity compensation programs during 2018.

In August 2018, the Company announced that its Board of Directors had authorized the repurchase of up to \$500.0 million of the Company's common stock in addition to its existing share repurchase program. As part of this repurchase program, on August 31, 2018, the Company entered into an uncollared accelerated share repurchase ("ASR") agreement with an investment bank. Under the ASR agreement, the Company agreed to purchase \$250.0 million of its common stock in total. On September 4, 2018, the Company paid a total of \$250.0 million to the investment bank, which in turn delivered to the Company approximately 4.2 million shares of the Company's common stock in total based on the market price of a share of Company common stock on August 31, 2018. The payment was recorded as a reduction to the respective components of shareholders' equity. The ASR agreement was funded by borrowings under the Company's Credit Agreement discussed in Note 10. Final settlement of the ASR occurred in December 2018 with the delivery to the Company of approximately 1.7 million additional shares of common stock. The final number of shares of common stock that the Company received was based upon the average daily volume weighted-average price of the Company's common stock during the term of the ASR agreement, less a negotiated discount.

Under the share repurchase programs described above, the Company repurchased approximately 7.0 million shares of its common stock for approximately \$302.2 million during the year ended December 31, 2018, inclusive of 54,909 shares withheld to satisfy minimum statutory withholding obligations of \$2.5 million in connection with the vesting of restricted stock and exercises of stock options during the second quarter of 2018.

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During the year ended December 31, 2017, the Company repurchased 1.0 million shares of its common stock for \$70.2 million, inclusive of 38,257 shares withheld to satisfy minimum statutory withholding obligations of \$2.1 million in connection with the vesting of restricted stock.

The Company intends to utilize various methods to effect any future share repurchases, including, among others, open market purchases and accelerated share repurchase programs. The amount and timing of repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

15. Retirement Plans:

The Company maintains six qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code and Section 1165(e) of the Puerto Rico Income Tax Act of 1954 (the "401(k) Plans"). The 401(k) Plans permit participant contributions and allow elective and, in certain situations, non-elective Company contributions based on each participant's contribution or a specified percentage of eligible wages. Participants may defer a percentage of their annual compensation subject to the limits defined in the 401(k) Plans. The Company recorded expense of \$55.8 million, \$50.7 million and \$45.2 million for the years ended December 31, 2018, 2017 and 2016, respectively, primarily related to the 401(k) Plans.

16. Commitments and Contingencies:

The Company expects that audits, inquiries and investigations from government authorities and agencies will occur in the ordinary course of business. Such audits, inquiries and investigations and their ultimate resolutions, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities. The Company has not included an accrual for these matters as of December 31, 2018 in its Condensed Consolidated Financial Statements, as the variables affecting any potential eventual liability depend on the currently unknown facts and circumstances that arise out of, and are specific to, any particular future audit, inquiry and investigation and cannot be reasonably estimated at this time.

In the ordinary course of business, the Company becomes involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by the Company's affiliated physicians. The Company's contracts with hospitals generally require the Company to indemnify them and their affiliates for losses resulting from the negligence of the Company's affiliated physicians. The Company may also become subject to other lawsuits which could involve large claims and significant costs. The Company believes, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on its business, financial condition, results of operations, cash flows and the trading price of its securities. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities.

Although the Company currently maintains liability insurance coverage intended to cover professional liability and certain other claims, the Company cannot assure that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against it in the future where the outcomes of such claims are unfavorable. With respect to professional liability risk, the Company generally self-insures a portion of this risk through its wholly owned captive insurance subsidiary. Liabilities in excess of the Company's insurance coverage, including coverage for professional liability and certain other claims, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities.

The Company leases space for its regional, medical and business offices, storage space and temporary housing of medical staff. The Company also leases an aircraft. Rent expense for the years ended December 31, 2018, 2017 and 2016 was \$42.9 million, \$42.6 million and \$38.0 million, respectively.

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Future minimum lease payments under non-cancelable operating leases as of December 31, 2018 are as follows (in thousands):

2019	\$30,824
2020	22,038
2021	17,946
2022	12,708
2023	9,440
Thereafter	10,522
	<u>\$103,478</u>

17. Selected Quarterly Financial Information (Unaudited):

The following tables set forth a summary of the Company's selected quarterly financial information for each of the four quarters ended December 31, 2018 and 2017 (in thousands, except for per share data):

	2018 Quarters			
	First	Second	Third	Fourth
Net revenue	<u>\$901,857</u>	<u>\$915,918</u>	<u>\$896,652</u>	<u>\$932,696</u>
Operating expenses:				
Practice salaries and benefits	631,830	620,980	625,717	657,061
Practice supplies and other operating expenses	30,655	31,833	30,159	29,381
General and administrative expenses	108,776	107,908	102,905	112,789
Depreciation and amortization	26,163	26,518	28,709	29,891
Total operating expenses	<u>797,424</u>	<u>787,239</u>	<u>787,490</u>	<u>829,122</u>
Income from operations	104,433	128,679	109,162	103,574
Investment and other income	1,464	1,202	1,302	967
Interest expense	(19,935)	(21,604)	(21,782)	(25,448)
Equity in earnings of unconsolidated affiliates	1,525	1,257	1,766	2,277
Total non-operating expenses	(16,946)	(19,145)	(18,714)	(22,204)
Income before income taxes	87,487	109,534	90,448	81,370
Income tax provision	(24,059)	(30,122)	(24,873)	(21,156)
Net income	<u>\$63,428</u>	<u>\$79,412</u>	<u>\$65,575</u>	<u>\$60,214</u>
Per common and common equivalent share data (1):				
Net income:				
Basic	<u>\$0.68</u>	<u>\$0.85</u>	<u>\$0.72</u>	<u>\$0.69</u>
Diluted	<u>\$0.68</u>	<u>\$0.85</u>	<u>\$0.72</u>	<u>\$0.68</u>
Weighted average common shares:				
Basic	<u>92,859</u>	<u>92,987</u>	<u>90,984</u>	<u>87,810</u>
Diluted	<u>93,505</u>	<u>93,529</u>	<u>91,359</u>	<u>88,258</u>

- (1) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

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	2017 Quarters			
	First	Second	Third	Fourth
Net revenue	<u>\$835,597</u>	<u>\$842,944</u>	<u>\$868,951</u>	<u>\$910,820</u>
Operating expenses:				
Practice salaries and benefits	572,385	561,418	586,476	617,455
Practice supplies and other operating expenses	27,796	30,872	29,497	32,353
General and administrative expenses	103,765	103,015	101,430	108,895
Depreciation and amortization	25,614	25,735	25,116	26,414
Total operating expenses	<u>729,560</u>	<u>721,040</u>	<u>742,519</u>	<u>785,117</u>
Income from operations	106,037	121,904	126,432	125,703
Investment and other income	576	365	235	2,777
Interest expense	(17,752)	(18,535)	(18,428)	(19,844)
Equity (loss) in earnings of unconsolidated affiliate	797	689	(240)	(294)
Total non-operating expenses	(16,379)	(17,481)	(18,433)	(17,361)
Income before income taxes	89,658	104,423	107,999	108,342
Income tax (provision) benefit	(34,967)	(40,725)	(42,119)	27,761
Net income	<u>\$54,691</u>	<u>\$63,698</u>	<u>\$65,880</u>	<u>\$136,103</u>
Per common and common equivalent share data (2):				
Net income:				
Basic	<u>\$0.59</u>	<u>\$0.69</u>	<u>\$0.71</u>	<u>\$1.47</u>
Diluted	<u>\$0.59</u>	<u>\$0.69</u>	<u>\$0.71</u>	<u>\$1.46</u>
Weighted average common shares:				
Basic	<u>92,360</u>	<u>92,181</u>	<u>92,589</u>	<u>92,756</u>
Diluted	<u>93,143</u>	<u>92,812</u>	<u>92,881</u>	<u>93,159</u>

- (2) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) 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 (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its 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 controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of the end of the period covered by this report. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework (2013)." Based on our assessment we concluded that, as of the end of the period covered by this report, the Company's internal control over financial reporting was effective based on those criteria.

The Company's independent registered certified public accounting firm, PricewaterhouseCoopers LLP, has audited our internal control over financial reporting as of December 31, 2018 as stated in their report which appears in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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ITEM 9B. OTHER INFORMATION

On February 12, 2019, Mr. David A. Clark, the President, MEDNAX National Medical Group, of the Company, was appointed as Chief Operating Officer of the Company. Mr. Clark succeeds Mr. Joseph M. Calabro, the current President and Chief Operating Officer of the Company, who will continue to serve as President of the Company. Mr. Clark, age 52, joined the Company in May 2001 and has served in various capacities, with executive officer responsibilities from January 1, 2009.

In connection with his appointment as Chief Operating Officer, Mr. Clark and the Company, through a wholly-owned subsidiary, entered into an Employment Agreement (the “Clark Employment Agreement”) on February 12, 2019, which replaced Mr. Clark’s previous employment agreement with a wholly-owned subsidiary of the Company. Also on February 12, 2019, the Company, through a wholly-owned subsidiary, entered into an Employment Agreement (the “Andreano Employment Agreement” and, together with the Clark Employment Agreement, the “Employment Agreements”) with Mr. Dominic J. Andreano, the Senior Vice President, General Counsel and Secretary of the Company, which replaced Mr. Andreano’s previous employment agreement with a wholly-owned subsidiary of the Company.

Pursuant to the Employment Agreements, each of Mr. Clark and Mr. Andreano will receive an annual base salary as determined from time to time by his respective supervisor and will be eligible to receive an annual performance bonus in accordance with incentive programs approved from time to time by the Compensation Committee of the Company’s Board of Directors (the “Compensation Committee”), with a target bonus of 100% of his base salary and a maximum bonus potential of 200% of his base salary. The Employment Agreements also provide for participation in customary Company benefit plans and incentive compensation plans.

Upon the termination of Mr. Clark’s employment for certain specified reasons, the Clark Employment Agreement provides for severance payments of up to 12 to 24 months of Mr. Clark’s base salary and a pro rata bonus for the year in which his termination occurs, depending on the basis for termination, plus, in certain cases, the payment of an amount equal to the greater of (x) 1.5 times the Average Annual Performance Bonus (as defined in the Clark Employment Agreement) and (y) Mr. Clark’s bonus for the year immediately preceding his termination. Upon the termination of Mr. Andreano’s employment for certain specified reasons, the Andreano Employment Agreement provides for severance payments of up to 12 to 24 months of Mr. Andreano’s base salary and a pro rata bonus for the year in which his termination occurs, depending on the basis for termination, plus, in certain cases, the payment of an amount equal to the Average Annual Performance Bonus (as defined in the Andreano Employment Agreement). In addition, depending on the basis for termination, all equity awards granted to Mr. Clark or Mr. Andreano, as applicable, by the Company prior to such termination will become fully vested and, if applicable, exercisable.

The Employment Agreements provide for customary protections of the Company’s confidential information and intellectual property and that Mr. Clark or Mr. Andreano, as applicable, will not, during the term of his employment and for a period of 18, 24 or 30 months thereafter, depending on the basis for termination, compete with the Company, hire away from or solicit to leave the Company its employees and independent contractors, or interfere in the Company’s relationships with its hospitals, other healthcare facilities, vendors, clients and other third parties.

The Employment Agreements have three-year terms and are subject to automatic renewals for successive one-year terms.

The foregoing descriptions of the Clark Employment Agreement and Andreano Employment Agreement are qualified in their entirety by reference to the terms of the Clark Employment Agreement and Andreano Employment Agreement, copies of which are attached to this Form 10-K as Exhibits 10.37 and 10.35, respectively, and are incorporated herein by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2019 Annual Meeting of Shareholders, which is to be filed with the SEC within 120 days after our fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2019 Annual Meeting of Shareholders, which is to be filed with the SEC within 120 days after our fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2018, with respect to shares of our common stock that may be issued under existing equity compensation plans, including our Amended and Restated 2008 Incentive Compensation Plan, as amended (“Amended and Restated 2008 Incentive Plan”), our 2004 Incentive Compensation Plan, as amended (“2004 Incentive Plan”), our ESPP and our SPP.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	112,976 (1)	\$ 27.51	3,574,501 (2)
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	112,976	\$ 27.51	3,574,501

(1) All shares are issuable under the Amended and Restated 2008 Incentive Plan, as amended.

(2) Under the Amended and Restated 2008 Incentive Plan, as amended, 1,997,719 shares remain available for future issuance, and under the ESPP and the SPP, an aggregate of 1,576,782 shares remain available for future issuance.

The remaining information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2019 Annual Meeting of Shareholders, which is to be filed with the SEC within 120 days after our fiscal year end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2019 Annual Meeting of Shareholders, which is to be filed with the SEC within 120 days after our fiscal year end.

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ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2019 Annual Meeting of Shareholders, which is to be filed with the SEC within 120 days after our fiscal year end.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a)(1) Financial Statements

The information required by this Item is included in Item 8 of Part II of this Form 10-K.

(a)(2) Financial Statement Schedule

The following financial statement schedule for the years ended December 31, 2018, 2017 and 2016, is included in this Form 10-K as set forth below (in thousands).

MEDNAX, INC.
Schedule II: Valuation and Qualifying Accounts

	Years Ended December 31,		
	2018	2017	2016
Allowance for contractual adjustments and uncollectibles:			
Balance at beginning of year	\$1,286,035	\$1,224,366	\$1,129,301
Amount charged against operating revenue	8,944,637	8,285,317	7,464,030
Accounts receivable contractual adjustments and write-offs (net of recoveries)	(8,741,603)	(8,223,648)	(7,368,965)
Balance at end of year	<u>\$1,489,069</u>	<u>\$1,286,035</u>	<u>\$1,224,366</u>

All other schedules have been omitted because they are not applicable, not required or the information is included elsewhere herein.

(a)(3) Exhibits

See Item 15(b) of this Form 10-K.

(b) Exhibits

- 2.1 [Agreement and Plan of Merger, dated as of December 29, 2008, between MEDNAX, Inc., Pediatrix Medical Group, Inc. and PMG Merger Sub, Inc. \(incorporated by reference to Exhibit 2.1 to MEDNAX' s Current Report on Form 8-K dated January 2, 2009\).](#)
- 3.1 [Composite Articles of Incorporation of MEDNAX, Inc. \(incorporated by reference to Exhibit 3.1 to MEDNAX' s Annual Report on Form 10-K for the period ended December 31, 2013\).](#)
- 3.2 [Amended and Restated By-laws of MEDNAX, Inc. \(incorporated by reference to Exhibit 3.1 to MEDNAX' s Current Report on Form 8-K dated November 6, 2018\).](#)
- 10.1 [Form of 5.25% Senior Notes due 2023 \(incorporated by reference to Exhibit A of the First Supplemental Indenture filed as Exhibit 4.3 to MEDNAX' s Current Report on Form 8-K dated December 8, 2015\).](#)
- 10.2 [Form of 6.25% Senior Notes due 2027 \(incorporated by reference to Exhibit A of the Fifth Supplemental Indenture filed as Exhibit 4.3 to MEDNAX' s Current Report on Form 8-K dated November 13, 2018\).](#)
- 10.3 [Indenture, dated as of December 8, 2015, by and between MEDNAX, Inc. and U.S. Bank National Association, as Trustee. \(incorporated by reference to Exhibit 4.2 to MEDNAX' s Current Report on Form 8-K dated December 8, 2015\).](#)

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- 10.4 [First Supplemental Indenture dated as of December 8, 2015 to the Indenture, dated as of December 8, 2015, by and among MEDNAX, Inc., certain of its subsidiaries and U.S. Bank National Association, as Trustee. \(incorporated by reference to Exhibit 4.3 to MEDNAX' s Current Report on Form 8-K dated December 8, 2015\).](#)
- 10.5 [Second Supplemental Indenture dated as of March 30, 2017 to the Indenture, dated as of December 8, 2015, by and among MEDNAX, Inc., certain of its subsidiaries and U.S. Bank National Association, as Trustee. \(incorporated by reference to Exhibit 10.4 to MEDNAX' s Annual Report on Form 10-K for the period ended December 31, 2017\).](#)
- 10.6 [Third Supplemental Indenture dated as of November 9, 2017 to the Indenture, dated as of December 8, 2015, by and among MEDNAX, Inc., certain of its subsidiaries and U.S. Bank National Association, as Trustee. \(incorporated by reference to Exhibit 10.5 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2017\).](#)
- 10.7+ [Fourth Supplemental Indenture dated as of November 13, 2018 to the Indenture, dated as of December 8, 2015, by and among MEDNAX, Inc., certain of its subsidiaries and U.S. Bank National Association, as Trustee.](#)
- 10.8 [Fifth Supplemental Indenture dated as of November 13, 2018 to Indenture, dated as of December 8, 2015, by and among MEDNAX, Inc., certain of its subsidiaries and U.S. Bank National Association, as Trustee. \(incorporated by reference to Exhibit 4.3 to MEDNAX' s Current Report on Form 8-K dated November 13, 2018\).](#)
- 10.9 [Credit Agreement, dated as of October 30, 2017, among MEDNAX, Inc., certain of its domestic subsidiaries from time to time party thereto as Guarantors, the Lender parties thereto, JPMorgan Chase Bank, N.A. as Administrative Agent and Bank of America, N.A., Fifth Third Bank, Mizuho Bank, Ltd., SunTrust Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and Wells Fargo Bank, National Association as Syndication Agents, and BBVA Compass, Citizens Bank, N.A., PNC Bank, Regions Bank, and U.S. Bank National Association, as Senior Documentation Agents and BB&T as Documentation Agent. JPMorgan Chase Bank, N.A, Fifth Third Bank, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Bank, Ltd., SunTrust Robinson Humphrey, Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and Wells Fargo Securities, LLC, acted as Joint Lead Arrangers and Joint Bookrunners. \(incorporated by reference to Exhibit 10.1 to MEDNAX' s Quarterly Report on Form 10-Q for the period ended September 30, 2017\).](#)
- 10.10+ [Amendment No. 1, dated as of November 21, 2018, to the Credit Agreement, dated as of October 30, 2017, among MEDNAX, Inc. certain of its domestic subsidiaries from time to time party thereto as Guarantors, the Lenders parties thereto and JPMorgan Chase Bank, N.A. as Administrative Agent.](#)
- 10.11 [Amended and Restated Stock Option Plan of Pediatrix dated as of June 4, 2003 \(incorporated by reference to Exhibit 10.5 to Pediatrix' s Quarterly Report on Form 10-Q for the period ended June 30, 2003\).*](#)
- 10.12 [First Amendment, dated December 29, 2008, to Pediatrix Medical Group, Inc. Amended and Restated Stock Option Plan \(incorporated by reference to Exhibit 10.7 to MEDNAX' s Current Report on Form 8-K dated January 2, 2009\).*](#)
- 10.13 [Amended and Restated MEDNAX, Inc. 1996 Non-Qualified Employee Stock Purchase Plan \(incorporated by reference to Exhibit A to MEDNAX' s Definitive Proxy Statement on Schedule 14A, filed with the SEC on September 18, 2015\).*](#)
- 10.14 [2015 Non-Qualified Stock Purchase Plan of MEDNAX, Inc., dated September 14, 2015 \(incorporated by reference to Exhibit B to MEDNAX' s Proxy Statement dated September 18, 2015\).*](#)
- 10.15 [Executive Non-Qualified Deferred Compensation Plan of Pediatrix, dated October 13, 1997 \(incorporated by reference to Exhibit 10.35 to Pediatrix' s Quarterly Report on Form 10-Q for the period ended June 30, 1998\).*](#)

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- 10.16 [Amended and Restated Thrift and Profit Sharing Plan of Pediatrix \(incorporated by reference to Exhibit 4.5 to Pediatrix' s Registration Statement on Form S-8 \(Registration No. 333-101222\)\).*](#)
- 10.17 [Pediatrix Medical Group of Puerto Rico Thrift and Profit Sharing Plan \(incorporated by reference to Exhibit 4.3 to Pediatrix' s Registration Statement on Form S-8 dated December 9, 2004\).*](#)
- 10.18 [Pediatrix Medical Group, Inc. 2004 Incentive Compensation Plan \(incorporated by reference to Exhibit A of Pediatrix' s Proxy Statement on Schedule 14A dated April 9, 2004\).*](#)
- 10.19 [Second Amendment, dated December 29, 2008, to Pediatrix Medical Group, Inc. 2004 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.8 to MEDNAX' s Current Report on Form 8-K dated January 2, 2009\).*](#)
- 10.20 [MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended \(incorporated by reference to Exhibit 10.1 to MEDNAX' s Current Report on Form 8-K dated February 19, 2014\).*](#)
- 10.21 [Pediatrix Medical Group, Inc. Form of Stock Option Agreement for Stock Options Awarded Under the Amended and Restated Stock Option Plan \(incorporated by reference to Exhibit 10.3 to Pediatrix' s Current Report on Form 8-K dated February 23, 2005\).*](#)
- 10.22 [Pediatrix Medical Group, Inc. Form of Incentive Stock Option Agreement for Incentive Stock Options Awarded Under the 2004 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.4 to Pediatrix' s Current Report on Form 8-K dated February 23, 2005\).*](#)
- 10.23 [Pediatrix Medical Group, Inc. Form of Non-Qualified Stock Option Agreement for Non-Qualified Stock Options Awarded Under the 2004 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.5 to Pediatrix' s Current Report on Form 8-K dated February 23, 2005\).*](#)
- 10.24 [Pediatrix Medical Group, Inc. Form of Restricted Stock Agreement for Restricted Stock Awarded Under the 2004 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.6 to Pediatrix' s Current Report on Form 8-K dated February 23, 2005\).*](#)
- 10.25 [MEDNAX, Inc. Form of Non-Qualified Stock Option Agreement for Non-Qualified Stock Options Awarded Under the 2008 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.17 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2008\).*](#)
- 10.26 [MEDNAX, Inc. Form of Restricted Stock Agreement for Restricted Stock Awarded Under the 2008 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.18 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2008\).*](#)
- 10.27 [Employment Agreement, dated August 7, 2011, by and between MEDNAX Services, Inc. and Roger J. Medel, M.D. \(incorporated by reference to Exhibit 10.1 to MEDNAX' s Current Report on Form 8-K dated August 10, 2011\).*](#)
- 10.28 [First Amendment to Employment Agreement, dated October 4, 2017, by and between MEDNAX Services, Inc. and Roger J. Medel, M.D. \(incorporated by reference to Exhibit 10.1 to MEDNAX' s Current Report on Form 8-K dated October 4, 2017\).*](#)
- 10.29 [Employment Agreement, dated August 20, 2008, by and between Pediatrix Medical Group, Inc. and Joseph M. Calabro \(incorporated by reference to Exhibit 10.2 to Pediatrix' s Current Report on Form 8-K dated August 22, 2008\).*](#)
- 10.30 [Amendment Agreement, dated December 29, 2008, between MEDNAX, Inc., Pediatrix Medical Group, Inc. and Joseph M. Calabro \(incorporated by reference to Exhibit 10.3 to MEDNAX' s Current Report on Form 8-K dated January 2, 2009\).*](#)
- 10.31 [Employment Agreement, dated February 24, 2010, by and between MEDNAX Services, Inc. and Vivian Lopez-Blanco \(incorporated by reference to Exhibit 10.28 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2009\).*](#)

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10.32	<u>Employment Agreement, dated February 12, 2018, by and between MEDNAX Services, Inc. and Vivian Lopez-Blanco (incorporated by reference to Exhibit 10.28 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2017).*</u>
10.33	<u>Employment Agreement, dated August 22, 2018, by and between MEDNAX Services, Inc. and Stephen Farber (incorporated by reference to Exhibit 10.1 to MEDNAX' s Current Report on Form 8-K dated August 28, 2018).*</u>
10.34	<u>Employment Agreement, dated February 12, 2018, by and between MEDNAX Services, Inc. and Dominic J. Andreano (incorporated by reference to Exhibit 10.29 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2017).*</u>
10.35+	<u>Employment Agreement, dated February 12, 2019, by and between MEDNAX Services, Inc. and Dominic J. Andreano.*</u>
10.36	<u>Employment Agreement, dated February 12, 2018, by and between MEDNAX Services, Inc. and David A. Clark (incorporated by reference to Exhibit 10.30 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2017).*</u>
10.37+	<u>Employment Agreement, dated February 12, 2019, by and between MEDNAX Services, Inc. and David A. Clark.*</u>
10.38	<u>Restricted Shares Units Agreement for Roger J. Medel, M.D. dated August 7, 2011 (incorporated by reference to Exhibit 10.2 to MEDNAX' s Current Report on Form 8-K dated August 10, 2011).*</u>
10.39	<u>Form of Indemnification Agreement between Pediatrix and each of its directors and executive officers. (incorporated by reference to Exhibit 10.6 to Pediatrix' s Annual Report on Form 10-K for the year ended December 31, 2003).*</u>
10.40	<u>Form of Exclusive Management and Administrative Services Agreement with affiliated professional contractors (incorporated by reference to Exhibit 10.31 to MEDNAX' s Annual Report on Form 10-K for the year ended December 31, 2011).</u>
10.41	<u>Confirmation–Uncollared Accelerated Share Repurchase dated August 31, 2018 between Bank of America, N.A. and MEDNAX, Inc. (incorporated by reference to Exhibit 10.1 to MEDNAX' s Quarterly Report on Form 10-Q for the period ended September 30, 2018).**</u>
21.1+	<u>Subsidiaries of the Registrant.</u>
23.1+	<u>Consent of PricewaterhouseCoopers LLP.</u>
31.1+	<u>Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2+	<u>Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32+	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	XBRL Taxonomy Extension Presentation Linkbase Document.

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- * Management contracts or compensation plans, contracts or arrangements.
- ** Certain confidential material contained in the document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been granted with respect to this omitted information.
- + Filed herewith.

ITEM 16. FORM 10-K SUMMARY

None.

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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.

MEDNAX, INC.

Date: February 14, 2019

By: /s/ Roger J. Medel, M.D.
Roger J. Medel, M.D.
Chief Executive Officer

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 in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Roger J. Medel, M.D.</u> Roger J. Medel, M.D.	Chief Executive Officer (Principal Executive Officer)	February 14, 2019
<u>/s/ Stephen D. Farber</u> Stephen D. Farber	Chief Financial Officer (Principal Financial Officer)	February 14, 2019
<u>/s/ John C. Pepia</u> John C. Pepia	Chief Accounting Officer (Principal Accounting Officer)	February 14, 2019
<u>/s/ Cesar L. Alvarez</u> Cesar L. Alvarez	Director and Chairman of the Board	February 14, 2019
<u>/s/ Manuel Kadre</u> Manuel Kadre	Lead Independent Director	February 14, 2019
<u>/s/ Karey D. Barker</u> Karey D. Barker	Director	February 14, 2019
<u>/s/ Waldemar A. Carlo, M.D.</u> Waldemar A. Carlo, M.D.	Director	February 14, 2019
<u>/s/ Michael B. Fernandez</u> Michael B. Fernandez	Director	February 14, 2019
<u>/s/ Paul G. Gabos</u> Paul G. Gabos	Director	February 14, 2019
<u>/s/ Pascal J. Goldschmidt, M.D.</u> Pascal J. Goldschmidt, M.D.	Director	February 14, 2019
<u>/s/ Enrique J. Sosa, Ph.D.</u> Enrique J. Sosa, Ph.D.	Director	February 14, 2019

MEDNAX, INC.

TO

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

**GUARANTEED TO THE EXTENT SET FORTH HEREIN BY OBSTETRIX MEDICAL GROUP
OF NEW JERSEY, P.C.**

FOURTH SUPPLEMENTAL INDENTURE

Dated as of November 13, 2018

to the

INDENTURE

Dated as of December 8, 2015

GUARANTEES OF 5.25% SENIOR NOTES DUE 2023

FOURTH SUPPLEMENTAL INDENTURE

5.25% Senior Notes due 2023

THIS FOURTH SUPPLEMENTAL INDENTURE, dated as of November 13, 2018 (this “**Fourth Supplemental Indenture**”), by and among MEDNAX, INC., a Florida Corporation (the “**Company**”), Obstetrix Medical Group of New Jersey, P.C. (the “**Guarantor**”), and U.S. Bank National Association, a national banking association, as Trustee hereunder (the “**Trustee**”).

RECITALS OF THE COMPANY:

WHEREAS, the Company and the Trustee have heretofore entered into an Indenture dated as of December 8, 2015 (the “**Base Indenture**”), as supplemented by the First Supplemental Indenture, dated as of December 8, 2015 (the “**First Supplemental Indenture**”), the Second Supplemental Indenture, dated as of March 30, 2017 (the “**Second Supplemental Indenture**”), the Third Supplemental Indenture, dated as of November 9, 2017 (the “**Third Supplemental Indenture**” and, together with the Base Indenture, First Supplemental Indenture, the Second Supplemental Indenture and this Fourth Supplemental Indenture, the “**Indenture**”) providing for the issuance by the Company of \$750,000,000 aggregate principal amount of its 5.25% Senior Notes due 2023 (together with the Guarantees thereof, the “**Notes**”);

WHEREAS, Section 4.04 of the First Supplemental Indenture provides that if the Company or any of its Subsidiaries acquires or creates another Subsidiary after the Issue Date that provides a guarantee of the Company’s obligations under any Debt Facility (including the New Credit Agreement (hereinafter defined)) with an aggregate principal or committed amount of \$250 million or more, then, within 10 Business Days after such Subsidiary provides such guarantee, such newly acquired or created Subsidiary shall execute a supplemental indenture pursuant to which it will unconditionally Guarantee, on a joint and several basis, payment of principal of, premium, if any, and interest in respect of the Notes on a senior unsecured basis on the same terms and conditions as those set forth in the First Supplemental Indenture;

WHEREAS, the Guarantor is a newly acquired or created Subsidiary of the Company and has provided a guarantee of the Company’s obligations under that certain Credit Agreement, dated as of October 30, 2017, by and among the Company, the guarantors party thereto, JPMorgan Chase Bank, N.A., in its capacity as administrative agent and the lenders party thereto (the “**Credit Agreement**”);

WHEREAS, Section 6.01 of the First Supplemental Indenture provides that the Company, the Guarantors, if applicable, and the Trustee may modify and amend the Indenture, the Notes or the Guarantees of the Notes without the consent of any Holder to allow any Guarantor to execute a supplemental indenture and/or a Guarantee of the Notes;

WHEREAS, the Board of Directors of the Company and the governing body of the Guarantor has duly authorized the execution and delivery of this Fourth Supplemental Indenture; and

WHEREAS, all acts and things necessary to make this Fourth Supplemental Indenture a valid agreement of each of the Company and the Guarantor according to its terms have been done and performed.

NOW THEREFORE, FOURTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and of the covenants contained herein, in the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and this Fourth Supplemental Indenture, the Company, the Guarantor and the Trustee covenant and agree, for the equal and proportionate benefit of all Holders of the Notes issued prior to or after the date of this Fourth Supplemental Indenture, as follows:

ARTICLE I

RELATION TO BASE INDENTURE; DEFINITIONS

Section 1.01. Relation to Base Indenture. The changes, modifications and supplements to the Base Indenture effected by this Fourth Supplemental Indenture shall be applicable only with respect to, and shall only govern the terms of, the Notes, which may be issued from time to time, and shall not apply to any other Securities that may be issued under the Base Indenture unless a supplemental indenture with respect to such other Securities specifically incorporates such changes, modifications and supplements. The provisions of this Fourth Supplemental Indenture shall supersede any corresponding or conflicting provisions and definitions in the Base Indenture.

Section 1.02. Definitions. For all purposes of this Fourth Supplemental Indenture, except as otherwise expressly provided for or unless the context otherwise requires:

(a) Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture;

(b) Terms defined in more than one of the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture shall have the meanings assigned to them in, in order of priority, the First Supplemental Indenture, the Third Supplemental Indenture, the Second Supplemental Indenture and the Base Indenture;

(c) Terms defined herein and in any of the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture or the Third Supplemental Indenture shall have the meanings assigned to them herein;

(d) All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Fourth Supplemental Indenture; and

(e) All other terms used in this Fourth Supplemental Indenture, which are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of the execution of this Fourth Supplemental Indenture. The words "herein," "hereof," "hereunder," and words of similar import refer to this Fourth Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

ARTICLE II

GUARANTEES

Section 2.01. Guarantee.

(a) Subject to this Article II, the Guarantor hereby unconditionally guarantees on an unsecured, unsubordinated basis, to each Holder of a Note, authenticated and delivered by the Trustee, and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Fourth Supplemental Indenture, the Third Supplemental Indenture, the Second Supplemental Indenture, the First Supplemental Indenture or the Base Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of, premium, if any, and interest on, the Notes will be promptly paid in full when due, whether at maturity, by acceleration or otherwise, and interest on the overdue principal and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for any reason whatsoever, the Guarantor shall be obligated to pay the same immediately. The Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(a) The Guarantor hereby agrees that its obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of this Fourth Supplemental Indenture, the Third Supplemental Indenture, the Second Supplemental Indenture, the First Supplemental Indenture, or the Base Indenture, the Notes, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of bankruptcy or insolvency of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

(b) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantor or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantor, any amount paid either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(c) The Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations under the Notes guaranteed hereby. The Guarantor further agrees that, as between the Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article V of the First Supplemental Indenture for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article V of the First Supplemental Indenture, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantor for purposes of this Guarantee. The Guarantor will have the right to seek contribution from any other Guarantor, or the Company, as the case may be, so long as the exercise of such right does not impair the rights of the Holders under this Guarantee.

Section 2.02. Limitation on Guarantor Liability. The Guarantor, and by its acceptance of the Notes, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor of the Notes not constitute a fraudulent transfer, fraudulent conveyance or fraudulent obligation for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee of the Notes. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantor hereby irrevocably agree that the obligations of such Guarantor shall be limited to the maximum amount that shall, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contributions from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article II that are relevant under such laws, result in the obligations of such Guarantor under its Guarantee of the Notes not constituting a fraudulent transfer, fraudulent conveyance or fraudulent obligation.

Section 2.03. Execution and Delivery of Guarantees.

(a) To evidence its Guarantee as set forth in Section 2.01 hereof, the Guarantor hereby agrees that this Fourth Supplemental Indenture shall be executed on behalf of such Guarantor by one of its authorized officers or attorneys-in-fact.

(b) The Guarantor hereby agrees that its Guarantee set forth in Section 2.01 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee.

Section 2.04. Contribution. The Guarantor that makes a payment or distribution under its Guarantee of the Notes shall be entitled to contribution from any other Guarantor or the Company, as the case may be.

Section 2.05. Releases.

(a) The Guarantee of the Notes by a Guarantor will be automatically and unconditionally released, and any Person acquiring assets (including by way of merger or consolidation) or Capital Stock of a Guarantor shall not be required to assume the obligations of any such Guarantor:

(1) in connection with any sale, exchange, transfer, conveyance or other disposition of (whether by merger, consolidation or the sale of) a majority of the Capital Stock of such Guarantor (or such lesser portion as is sufficient for such Guarantor to cease to be a Subsidiary of the Company) or the sale of all or substantially all the assets of such Guarantor, to or with and into a Person which is not the Company or another Subsidiary of the Company;

(2) if any Guarantor is dissolved or otherwise no longer obligated to provide a Guarantee of the Notes pursuant to the Indenture;

(3) if such Guarantor's guarantee of any obligations under any Debt Facility of the Company (including the Credit Agreement) with an aggregate principal or committed amount of \$250 million or more is fully and unconditionally released, except that such Guarantor shall subsequently be required to become a Guarantor by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel as required by the Indenture at such time as it guarantees any obligations under any Debt Facility of the Company (including the Credit Agreement) with an aggregate principal or committed amount of \$250 million or more; or

(4) upon the Company's exercise of its legal defeasance option or covenant defeasance option as described in Section 12.02 or Section 12.03 of the First Supplemental Indenture or if the Company's obligations under the Indenture and the Notes are discharged in accordance with Section 12.01 of the First Supplemental Indenture.

(b) The Trustee shall execute any documents reasonably requested by either the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee under this Article II, subject to the Trustee's receipt of an Opinion of Counsel and Officers' Certificate stating that all conditions precedent to such release have been met.

ARTICLE III

MISCELLANEOUS PROVISIONS

Section 3.01. Ratification of Indenture. Except as expressly modified or amended hereby, the Indenture continues in full force and effect and is in all respects confirmed, ratified and preserved and the provisions thereof shall be applicable to the Notes and this Fourth Supplemental Indenture.

Section 3.02. Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements of the Company contained in this Fourth Supplemental Indenture shall bind its successors and assigns whether so expressed or not.

Section 3.03. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Fourth Supplemental Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or entity that shall at the time be the lawful sole successor of the Company.

Section 3.04. Addresses for Notices, Etc. Any notice or demand which by any provision of this Fourth Supplemental Indenture is required or permitted to be given or served by the Trustee or by the Noteholders on the Company or the Guarantor shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to the Company at 1301 Concord Terrace, Sunrise, Florida 33323, Attention: General Counsel. Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to U.S. Bank National Association at 1349 W. Peachtree Street, Suite 1050, Atlanta, Georgia 30309, Attention: George Hogan.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Noteholder shall be mailed to him by first class mail, postage prepaid, at his address as it appears on the Security Register and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 3.05. Governing Law. THIS FOURTH SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES OF SUCH STATE OTHER THAN NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1401. THIS

FOURTH SUPPLEMENTAL INDENTURE IS SUBJECT TO THE PROVISIONS OF THE TIA THAT ARE REQUIRED TO BE A PART OF THIS FOURTH SUPPLEMENTAL INDENTURE AND SHALL, TO THE EXTENT APPLICABLE, BE GOVERNED BY SUCH PROVISIONS.

Section 3.06. Benefits of Indenture. Nothing in the Indenture or in the Notes, expressed or implied, shall give to any person, other than the parties hereto, any Paying Agent, any authenticating agent, any Security Registrar and their successors hereunder, the Noteholders, any benefit or any legal or equitable right, remedy or claim under the Indenture.

Section 3.07. Headings, Etc. The titles and headings of the articles and sections of this Fourth Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.08. Counterparts. This Fourth Supplemental Indenture may be executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 3.09. Trustee. The Trustee makes no representations as to the validity or sufficiency of this Fourth Supplemental Indenture. The statements and recitals herein are deemed to be those of the Company and not of the Trustee.

Section 3.10. Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Fourth Supplemental Indenture.

Section 3.11. Waiver of Jury Trial. EACH OF THE COMPANY, THE GUARANTOR AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

COMPANY:

MEDNAX, INC.

By: /s/ Dominic J. Andreano
Name: Dominic J. Andreano
Title: General Counsel and Secretary

TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION,

By: /s/ George Hogan
Name: George Hogan
Title: Vice-President

GUARANTOR:

**OBSTETRIX MEDICAL GROUP OF NEW
JERSEY, P.C.**, a New Jersey professional corporation

By: /s/ Dominic J. Andreano
Name: Dominic J. Andreano
Title: Attorney-in-Fact

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT NO. 1 dated as of November 21, 2018 (this "Amendment"), to the Credit Agreement, dated as of October 30, 2017 (as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms prior to the date hereof, the "Credit Agreement"), among MEDNAX, INC., a Florida corporation (the "Borrower"), the Guarantors party thereto, the Lenders and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent"), by and among the Borrower, the Guarantors, the Lenders party hereto and the Administrative Agent. Terms defined in the Amended Credit Agreement (as defined below) and used herein shall have the meanings given to them in the Amended Credit Agreement unless otherwise defined herein.

W I T N E S S E T H:

WHEREAS, the Borrower has requested certain amendments to the Credit Agreement;

WHEREAS, the Administrative Agent, the Borrower and the Lenders party hereto, constituting at least the Required Lenders, are willing to so agree pursuant to Section 9.1 of the Credit Agreement, subject to the terms and conditions set forth in this Amendment; and

WHEREAS, JPMorgan Chase Bank, N.A. is acting as the lead "left" arranger and bookrunner of this Amendment (in such capacity, the "Amendment Lead Arranger").

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I**Required Lender Amendments to Credit Agreement**

Section 1.1. The Existing Credit Agreement is, effective as of the Amendment No. 1 Effective Date, hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached as Exhibit A hereto (as amended, the "Amended Credit Agreement").

ARTICLE II**Conditions to Effectiveness**

Section 2.1. Effective Date. This Amendment shall become effective on the date (the "Amendment No. 1 Effective Date") on which:

(a) The Administrative Agent shall have received counterparts to this Amendment duly executed and delivered by the Borrower, each Guarantor, the Administrative Agent and the Required Lenders.

(b) The Borrower shall have paid (i) all fees due and payable on the Amendment No. 1 Effective Date under the fee letter, dated November 16, 2018, among the Borrower and the Amendment Lead Arranger and (ii) all reasonable and documented out-of-pocket fees and expenses incurred by the Administrative Agent and the Amendment Lead Arranger (including the reasonable and documented expenses of Cahill Gordon & Reindel LLP, counsel to the Administrative Agent and the Amendment Lead Arranger) for which invoices have been presented at least two (2) Business Days prior to the Amendment No. 1 Effective Date.

(c) The Administrative Agent shall have received customary evidence of authorization of the transactions described herein, valid organization and good standing (or applicable equivalent) in the jurisdiction of organization, in each case, with respect to the Borrower and each Guarantor, and officer's certificates related thereto (which shall include an incumbency certificate), substantially in the form delivered on the Closing Date pursuant to Section 4.1(b) of the Credit Agreement.

(d) The Administrative Agent shall have received the opinion of Greenberg Traurig, P.A. with respect to the Borrower in form and substance reasonably satisfactory to the Administrative Agent.

(e) (i) The representations and warranties of each Credit Party set forth in Section 3 below are true and correct on and as of the Amendment No. 1 Effective Date and (ii) as of the date hereof, no Default or Event of Default has occurred and is continuing.

(f) The Administrative Agent shall have received a certificate signed by the President, a Vice President or a Financial Officer of the Borrower certifying as to the satisfaction of the condition set forth in paragraph (e) of this Section 2.1 as of the Amendment No. 1 Effective Date.

(g) To the extent reasonably requested by the Administrative Agent, and in such case reasonably satisfactory to the Administrative Agent, either (i) such affidavits relative to the execution and delivery of any Credit Document as required to support the determination that no Florida documentary stamp taxes are required to be paid or (ii) evidence of payment by the Borrower of any Florida documentary stamp taxes applicable to the execution and delivery of the Credit Documents.

(h) At least three (3) Business Days prior to the Amendment No. 1 Effective Date, to the extent reasonably requested in writing by the Administrative Agent at least ten (10) Business Days prior to the Amendment No. 1 Effective Date, the Administrative Agent shall have received such information reasonably requested by the Lenders in connection with applicable "know your customer" rules and regulations, including the PATRIOT Act.

ARTICLE III Representation and Warranties

Section 3.1. The Borrower hereby represents and warrants as of the Amendment No. 1 Effective Date that this Amendment has been, or when executed and delivered will be, duly executed and delivered by the Borrower. Neither the execution and delivery of this Amendment, nor the consummation of the transactions herein contemplated, nor performance of and compliance with the terms and provisions herein and thereof, by the Borrower will (a) violate in any material respect any Requirement of Law (except those as to which waivers or consents have been obtained), (b) conflict with, result in a breach of or constitute a default under (i) the articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents of the Credit Parties or (ii) any Material Contract to which such Person is a party or by which any of its properties may be bound or any material approval or material consent from any Governmental Authority relating to such Person (except those as to which waivers or consents have been obtained) which conflict, breach or default in any such case in this clause (ii) could reasonably be expected to have a Material Adverse Effect, or (c) result in, or require,

the creation or imposition of any Lien on any Credit Party' s properties or revenues pursuant to any Requirement of Law, the articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents of such Credit Party or Contractual Obligation other than the Liens arising under or contemplated in connection with the Credit Documents or Permitted Liens.

Section 3.2. The representations and warranties contained in Article III of the Amended Credit Agreement (A) with respect to representations and warranties that contain a materiality qualification, are true and correct and (B) with respect to representations and warranties that do not contain a materiality qualification, are true and correct in all material respects, in each case as of the Amendment No. 1 Effective Date as if made on and as of such date except for any representation or warranty made as of an earlier date, which representation and warranty shall remain true and correct (subject to the applicable materiality threshold in the preceding clauses (A) or (B)) as of such earlier date.

ARTICLE IV Miscellaneous

Section 4.1. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 4.2. Reaffirmation. Each of the undersigned Guarantors (each, a "Reaffirming Party") hereby acknowledges the Amendment and the transactions contemplated thereby. Each Reaffirming Party hereby reaffirms all obligations and liabilities of such Reaffirming Party under the Loan Documents to which it is a party, as such obligations and liabilities have been amended by this Amendment, and confirms that such obligations and liabilities shall continue to be in full force and effect and shall continue to apply to the Credit Agreement and each other Loan Document.

Section 4.3. Applicable Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD CAUSE THE LAW OF ANOTHER JURISDICTION TO APPLY (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 4.4. JURY WAIVER. EACH PARTY TO THIS AMENDMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AMENDMENT OR IN ANY WAY CONNECTED WITH OR RELATED TO THIS AMENDMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AMENDMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.4 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 4.5. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 4.6. Effect of Amendment. On and after the Amendment No. 1 Effective Date, each reference to the Credit Agreement in any Loan Document (including to any Exhibit or Schedule attached thereto) shall be deemed to be a reference to the Credit Agreement as amended by this Amendment. Except as expressly set forth in this Amendment, nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement as in effect immediately prior to the Amendment No.1 Effective Date or any other Loan Document in similar or different circumstances. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first above written.

BORROWER:

MEDNAX, INC.,
a Florida Corporation

By: /s/ Dominic J. Andreano
Name: Dominic J. Andreano
Title: General Counsel and Secretary

GUARANTORS:

1500 CONCORD TERRACE, LLC

ALASKA NEONATOLOGY ASSOCIATES, INC.

ALEGIS REVENUE GROUP, LLC

**AMERICAN ANESTHESIOLOGY ASSOCIATES OF FLORIDA,
INC.**

**AMERICAN ANESTHESIOLOGY ASSOCIATES OF GEORGIA,
LLC**

**AMERICAN ANESTHESIOLOGY ASSOCIATES OF ILLINOIS,
S.C.**

**AMERICAN ANESTHESIOLOGY ASSOCIATES OF MICHIGAN,
P.C.**

**AMERICAN ANESTHESIOLOGY ASSOCIATES OF VIRGINIA,
INC.**

AMERICAN ANESTHESIOLOGY GROUP OF TENNESSEE, P.C.

AMERICAN ANESTHESIOLOGY OF FLORIDA, INC.

AMERICAN ANESTHESIOLOGY OF GEORGIA, LLC

AMERICAN ANESTHESIOLOGY OF ILLINOIS, LLC

By: /s/ Dominic J. Andreano
Name: Dominic J. Andreano
Title: General Counsel and Secretary

**AMERICAN ANESTHESIOLOGY OF MARYLAND,
P.C.**

**AMERICAN ANESTHESIOLOGY OF MICHIGAN,
P.C.**

**AMERICAN ANESTHESIOLOGY OF MINNESOTA,
P.A.**

AMERICAN ANESTHESIOLOGY OF NAPLES, INC.

**AMERICAN ANESTHESIOLOGY OF NEW JERSEY,
P.C.**

**AMERICAN ANESTHESIOLOGY OF NEW YORK,
P.C.**

**AMERICAN ANESTHESIOLOGY OF NORTH
CAROLINA, PLLC**

**AMERICAN ANESTHESIOLOGY OF SOUTH
CAROLINA, LLC**

**AMERICAN ANESTHESIOLOGY OF SYRACUSE,
P.C.**

**AMERICAN ANESTHESIOLOGY OF TENNESSEE,
P.C.**

AMERICAN ANESTHESIOLOGY OF TEXAS, INC.

**AMERICAN ANESTHESIOLOGY OF THE
SOUTHEAST, PLLC**

AMERICAN ANESTHESIOLOGY OF VIRGINIA, P.C.

AMERICAN ANESTHESIOLOGY, INC.

**AMERICAN ANESTHESIOLOGY SERVICES OF
FLORIDA, INC.**

AMERICAN RADIOLOGY, LLC

**ANESTHESIA AND PAIN MANAGEMENT GROUP,
LLC**

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

**ANESTHESIOLOGY CONSULTANTS OF SOUTH
CAROLINA, PLLC**

AUGUSTA NEONATOLOGY ASSOCIATES, P.C.

AUSTIN ANESTHESIOLOGY GROUP, PLLC

BURLINGTON ANESTHESIA ASSOCIATES, P.A.

CARDON HEALTHCARE NETWORK, LLC

**CENTRAL OKLAHOMA NEONATOLOGY
ASSOCIATES, INC.**

COMMUNITY RADIOLOGY PROVIDERS, LLC

**CRITICAL CARE AND ANESTHESIA
CONSULTANTS OF NEW JERSEY, LLC**

CRITICAL HEALTH SYSTEMS, INC.

DATA MANAGEMENT, INC.

DIVERSIFIED HEALTHCARE RESOURCES, LLC

DUET HEALTH, INC.

GEORGIA PERIOPERATIVE CONSULTANTS, L.L.C.

HEALTH NETWORK MANAGEMENT, L.L.C.

HORIZON ANESTHESIA, PLLC

INFINITY MANAGEMENT, LLC

JEFFERSON RADIOLOGY, P.C.

KEYSTONE GROUP, LLC

MAGELLA MEDICAL ASSOCIATES BILLING, INC.

MAGELLA MEDICAL ASSOCIATES MIDWEST, P.C.

**MAGELLA MEDICAL ASSOCIATES OF GEORGIA,
P.C.**

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

MAGELLA MEDICAL GROUP, INC.

MED-DATA, INCORPORATED

MEDDIRECT, INC.

MEDNAX RADIOLOGY OF TEXAS, INC.

MEDNAX SERVICES, INC.

MOUNTAIN STATES NEONATOLOGY, INC.

MSI CONSULTING SERVICES, LLC

NEONATAL SPECIALISTS, LTD.

NEONATOLOGY ASSOCIATES OF ATLANTA, P.C.

NIGHTHAWK RADIOLOGY SERVICES, LLC

NORTHWEST NEWBORN SPECIALISTS, P.C.

**OBSTETRICS AND PEDIATRICS SUBSPECIALTY
GROUP OF KANSAS AND MISSOURI, P.A.**

OBSTETRIX MEDICAL GROUP OF ARIZONA, P.C.

OBSTETRIX MEDICAL GROUP OF ATLANTA, LLC

**OBSTETRIX MEDICAL GROUP OF CALIFORNIA, A
PROFESSIONAL CORPORATION**

**OBSTETRIX MEDICAL GROUP OF COASTAL
CAROLINA, PLLC**

**OBSTETRIX MEDICAL GROUP OF COLORADO,
P.C.**

**OBSTETRIX MEDICAL GROUP OF NEW JERSEY,
P.C.**

**OBSTETRIX MEDICAL GROUP OF OKLAHOMA,
P.C.**

OBSTETRIX MEDICAL GROUP OF PHOENIX, P.C.

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

**OBSTETRIX MEDICAL GROUP OF SACRAMENTO,
P.C.**

**OBSTETRIX MEDICAL GROUP OF TEXAS
BILLING, INC.**

**OBSTETRIX MEDICAL GROUP OF THE CENTRAL
COAST, PROFESSIONAL CORPORATION**

OBSTETRIX MEDICAL GROUP OF UTAH, P.C.

**OBSTETRIX MEDICAL GROUP OF WASHINGTON,
INC., P.S.**

OZARK NEONATAL ASSOCIATES, INC.

PAIN CENTERS OF CHICAGO, LLC

PATIENT ADVOCATE TECHNOLOGY, LLC

PEDIATRIX CARDIOLOGY OF NEW MEXICO, P.C.

**PEDIATRIX CARDIOLOGY OF ORANGE COUNTY,
P.C.**

PEDIATRIX CARDIOLOGY OF SPRINGFIELD, P.C.

PEDIATRIX CARDIOLOGY OF WASHINGTON, P.C.

**PEDIATRIX EMERGENT AND CRITICAL CARE
SERVICES, LLC**

PEDIATRIX INTERNATIONAL, INC.

**PEDIATRIX MEDICAL GROUP NEONATOLOGY
AND PEDIATRIC INTENSIVE CARE SPECIALISTS
OF NEW YORK, P.C.**

PEDIATRIX MEDICAL GROUP OF ARKANSAS, P.A.

**PEDIATRIX MEDICAL GROUP OF CALIFORNIA, A
PROFESSIONAL CORPORATION**

**PEDIATRIX MEDICAL GROUP OF COLORADO,
P.C.**

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

PEDIATRIX MEDICAL GROUP OF FLORIDA, INC.

PEDIATRIX MEDICAL GROUP OF GEORGIA, P.C.

PEDIATRIX MEDICAL GROUP OF ILLINOIS, P.C.

PEDIATRIX MEDICAL GROUP OF INDIANA, P.C.

PEDIATRIX MEDICAL GROUP OF KANSAS, P.A.

**PEDIATRIX MEDICAL GROUP OF KENTUCKY,
P.S.C.**

**PEDIATRIX MEDICAL GROUP OF LOUISIANA,
L.L.C.**

PEDIATRIX MEDICAL GROUP OF MICHIGAN, P.C.

**PEDIATRIX MEDICAL GROUP OF MISSISSIPPI,
INC.**

PEDIATRIX MEDICAL GROUP OF MISSOURI, P.C.

PEDIATRIX MEDICAL GROUP OF MONTANA, P.C.

**PEDIATRIX MEDICAL GROUP OF NEW MEXICO,
P.C.**

**PEDIATRIX MEDICAL GROUP OF NORTH
CAROLINA, P.C.**

PEDIATRIX MEDICAL GROUP OF OHIO CORP.

**PEDIATRIX MEDICAL GROUP OF OKLAHOMA,
P.C.**

**PEDIATRIX MEDICAL GROUP OF PENNSYLVANIA,
P.C.**

**PEDIATRIX MEDICAL GROUP OF SOUTH
CAROLINA, P.A.**

**PEDIATRIX MEDICAL GROUP OF TENNESSEE,
P.C.**

**PEDIATRIX MEDICAL GROUP OF TEXAS
BILLING, INC.**

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

**PEDIATRIX MEDICAL GROUP OF THE
MID-ATLANTIC, P.C.**

**PEDIATRIX MEDICAL GROUP OF WASHINGTON,
INC., P.S.**

PEDIATRIX MEDICAL GROUP, INC. (FL)

PEDIATRIX MEDICAL GROUP, INC. (UT)

PEDIATRIX MEDICAL GROUP, P.A.

PEDIATRIX MEDICAL GROUP, P.C. (VA)

PEDIATRIX MEDICAL GROUP, P.C. (WV)

PEDIATRIX MEDICAL SERVICES, INC.

PEDIATRIX NEWBORN HEARING SCREEN, LLC

PEDIATRIX OF MARYLAND, P.A.

PICKERT MEDICAL GROUP, P.C.

PIEDMONT ANESTHESIA ASSOCIATES, L.L.C.

PMG CARDIOLOGY, INC.

PMGSC, P.A.

POKROY MEDICAL GROUP OF NEVADA, LTD.

QUANTUM CLINICAL NAVIGATION SYSTEM, LLC

RADIOLOGY ALLIANCE, P.C.

**RADIOLOGY ASSOCIATES OF SOUTH FLORIDA,
LLC**

**SOUTHEAST ANESTHESIOLOGY CONSULTANTS,
PLLC**

**SOUTHEAST ANESTHESIOLOGY CONSULTANTS
OF VIRGINIA, PLLC**

SPECIALTY MRI, LLC

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

SUMMIT ANESTHESIA ASSOCIATES, P.A.

SYNERGY RADIOLOGY ASSOCIATES, PLLC

**SYNTHESIS HEALTHCARE MANAGEMENT,
LLC**

TEXAS NEWBORN SERVICES, INC.

THE SURGICAL GROUP OF MIAMI, LLC

VIRTUAL RADIOLOGIC CORPORATION

**VIRTUAL RADIOLOGIC PROFESSIONALS,
LLC**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
CALIFORNIA, P.A**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
ILLINOIS, S.C.**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
MICHIGAN, P.C.**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
MINNESOTA, P.A.**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
NEW JERSEY, P.A.**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
NEW YORK, P.A.**

**VIRTUAL RADIOLOGIC PROFESSIONALS OF
TEXAS, P.A.**

WESTCHESTER ANESTHESIOLOGISTS, P.C.

By: /s/ Dominic J. Andreano

Name: Dominic J. Andreano

Title: General Counsel and Secretary

JPMORGAN CHASE BANK, N.A.,
as a Lender, an Issuing Lender and as Administrative Agent

By: /s/ John Kushnerick

Name: John Kushnerick
Title: Executive Director

Bank of America, N.A.,
as a Lender

By: /s/ Joseph L. Corah
Name: Joseph L. Corah
Title: Director

FIFTH THIRD BANK,
as a Lender

By: /s/ Tamara Dowd
Name: Tamara Dowd
Title: Director

MUFG BANK, LTD. (f.k.a. THE BANK OF TOKYO-
MISUBISHI UFJ, LTD.),
as a Lender

By: /s/ Jack Lonker

Name: Jack Lonker

Title: Director

SUNTRUST BANK,
as a Lender

By: /s/ Jonathan Hart
Name: Jonathan Hart
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Jordan Harris

Name: Jordan Harris

Title: Director

Citizens Bank, N. A.,
as a Lender

By: /s/ Mark Guyeski
Name: Mark Guyeski
Title: Vice President

COMPASS BANK,
as a Lender

By: /s/ Heather Allen

Name: Heather Allen

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Brian Miller

Name: Brian Miller

Title: Senior Vice President

REGIONS BANK,
as a Lender

By: /s/ Ned Spitzer

Name: Ned Spitzer

Title: Managing Director

BRANCH BANKING AND TRUST COMPANY,
as a Lender

By: /s/ Stephen R. Garrett

Name: Stephen R. Garrett

Title: Assistant Vice President

HSBC BANK USA, N. A.,
as a Lender

By: /s/ Peter Hart

Name: Peter Hart
Title: SVP

SYNOVUS BANK,
as a Lender

By: /s/ Alex Falgiano
Name: Alex Falgiano
Title: Senior Portfolio Manager

[attached]

\$2,000,000,000

CREDIT AGREEMENT
Dated as of October 30, 2017,
As amended November 21, 2018

among

MEDNAX, INC.,
as Borrower,

CERTAIN DOMESTIC SUBSIDIARIES OF THE BORROWER
FROM TIME TO TIME PARTY HERETO,
as Guarantors,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

BANK OF AMERICA, N.A.,
FIFTH THIRD BANK,
MIZUHO BANK, LTD.,
SUNTRUST BANK,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
and
WELLS FARGO BANK, NATIONAL ASSOCIATION
as Syndication Agents,

BBVA COMPASS,
CITIZENS BANK, N.A.,
PNC BANK,
REGIONS BANK,
and
U.S. BANK NATIONAL ASSOCIATION,
as Senior Documentation Agents,

BB&T,
as Documentation Agent

and

JPMORGAN CHASE BANK, N.A.,
FIFTH THIRD BANK
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
MIZUHO BANK, LTD.
SUNTRUST ROBINSON HUMPHREY, INC.,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
and
WELLS FARGO SECURITIES, LLC,
as Joint Lead Arrangers and Joint Bookrunners

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THIS CREDIT AGREEMENT, dated as of October 30, 2017, is by and among **MEDNAX, INC.**, a Florida corporation (the “Borrower”), the Guarantors (as hereinafter defined), the Lenders (as hereinafter defined) and **JPMORGAN CHASE BANK, N.A.**, as administrative agent for the Lenders hereunder (in such capacity, the “Administrative Agent”).

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms.

As used in this Agreement, terms defined in the preamble to this Agreement have the meanings therein indicated, and the following terms have the following meanings:

“Account Designation Notice” shall mean the Account Designation Notice dated as of the Closing Date from the Borrower to the Administrative Agent in substantially the form attached hereto as Exhibit 1.1(a).

“Additional Credit Party” shall mean each Person that becomes a Guarantor by execution of a Joinder Agreement in accordance with Section 5.10.

“Administrative Agent” or “Agent” shall have the meaning set forth in the first paragraph of this Agreement and shall include any successors in such capacity.

“Administrative Questionnaire” shall mean an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, the Person specified.

“Agent Parties” shall have the meaning set forth in Section 9.2(d)(ii).

“Agreement” or “Credit Agreement” shall mean this Agreement, as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms.

“Alternate Base Rate” shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the sum of (i) LIBOR (as determined pursuant to the definition of LIBOR), for an Interest Period of one (1) month commencing on such day plus (ii) 1.00%, in each instance as of such date of determination. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms set forth in the definition of Federal Funds Effective Rate, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in any of the foregoing will become effective on the date of such change in the Federal Funds Rate, the Prime Rate or LIBOR for an Interest Period of one (1) month. Notwithstanding anything contained herein to the contrary, to the extent that the provisions of Section 2.13 shall be in effect in determining LIBOR pursuant to clause (c) hereof, the Alternate Base Rate shall be the greater of (i) the Prime Rate in effect on such day and (ii) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For the avoidance of doubt, if the Alternate Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Alternate Base Rate Loans” shall mean Loans that bear interest at an interest rate based on the Alternate Base Rate.

“Amendment No. 1” means Amendment No. 1 to this Agreement dated as of November 21, 2018.

“Amendment Lead Arranger” shall have the meaning set forth in Amendment No. 1.

“Amendment No. 1 Effective Date” means November 21, 2018.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Margin” shall mean, for any day, with respect to Revolving Loans and Unused Commitment Fees, the rate per annum set forth below opposite the applicable level then in effect (based on the Consolidated Net Leverage Ratio), it being understood that the Applicable Margin for (a) Revolving Loans that are Alternate Base Rate Loans shall be the percentage set forth under the column “Alternate Base Rate Margin,” (b) Revolving Loans that are LIBOR Rate Loans shall be the percentage set forth under the column “LIBOR Margin & L/C Fee,” (c) the Letter of Credit Fee shall be the percentage set forth under the column “LIBOR Margin & L/C Fee,” and (d) the Unused Commitment Fee shall be the percentage set forth under the column “Unused Commitment Fee”:

Level	Consolidated Net Leverage Ratio	Applicable Margin		
		LIBOR Margin & L/C Fee	Alternate Base Rate Margin	Unused Commitment Fee
I	> 3.50 to 1.0	1.750%	0.750%	0.300%
II	≤ 3.50 to 1.0 and > 2.75 to 1.0	1.500%	0.500%	0.250%
III	≤ 2.75 to 1.0 and > 2.00 to 1.0	1.375%	0.375%	0.200%
IV	≤ 2.00 to 1.0 and > 1.25 to 1.0	1.250%	0.250%	0.175%
V	≤ 1.25 to 1.0	1.125%	0.125%	0.150%

The Applicable Margin shall, in each case, be determined quarterly on the date five (5) Business Days after the date on which the Administrative Agent has received from the Borrower the quarterly financial information (in the case of the first three fiscal quarters of the Borrower’s fiscal year), the annual financial information (in the case of the fourth fiscal quarter of the Borrower’s fiscal year) and the certifications required to be delivered to the Administrative Agent and the Lenders in accordance with the provisions of Sections 5.1(a), 5.1(b) and 5.2(b) (each an “Interest Determination Date”). Such Applicable Margin shall be effective from such Interest Determination Date until the next such Interest Determination Date. After the Closing Date, if the Credit Parties shall fail to provide the financial information or certifications in accordance with the provisions of Sections 5.1(a), 5.1(b) and 5.2(b), the Applicable Margin shall, on the date five (5) Business Days after the date by which the Credit Parties were so required to provide such financial information or certifications to the Administrative Agent and the Lenders, be based on Level I until such time as such information or certifications or corrected information or corrected certificates are provided, whereupon the Level shall be determined by the then current Consolidated Net Leverage Ratio. Notwithstanding the foregoing, the initial Applicable Margin shall be set at Level III until the financial information and certificates required to be delivered pursuant to Section 5 for the period ending December 31, 2017 have been delivered to the Administrative Agent. In the event that any financial statement or certification delivered pursuant to Sections 5.1 or 5.2 is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an “Applicable Period”) than the Applicable Margin applied for such Applicable Period, the Borrower shall promptly (a) deliver to the Administrative Agent a corrected compliance certificate for such Applicable Period, (b) determine the Applicable Margin for such Applicable Period based upon the corrected compliance certificate, and (c) promptly pay to the Administrative Agent for the benefit of

the Lenders the accrued additional interest and other fees owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly distributed by the Administrative Agent to the Lenders entitled thereto. It is acknowledged and agreed that nothing contained herein shall limit the rights of the Administrative Agent and the Lenders under the Credit Documents, including their rights under Sections 2.8 and 7.1.

“Approved Bank” shall have the meaning set forth in the definition of “Cash Equivalents.”

“Approved Fund” shall mean any Fund that is Controlled or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that Controls or manages a Lender.

“Arrangers” shall mean JPMCB, Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Bank of Tokyo-Mitsubishi UFJ, Ltd., SunTrust Robinson Humphrey, Inc., Mizuho Bank, Ltd. and Fifth Third Bank and the Amendment Lead Arranger.

“Assignment and Assumption” shall mean an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.6), and accepted by the Administrative Agent, in substantially the form of Exhibit 1.1(b) or any other form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank Product” shall mean any of the following products, services or facilities extended to any Credit Party or any Subsidiary by any Bank Product Provider: (a) Cash Management Services; (b) products under any Hedging Agreement (other than obligations with respect to any such Credit Party’s Hedging Agreements that constitute Excluded Swap Obligations solely with respect to such Credit Party); and (c) commercial credit card, purchase card and merchant card services. Any Bank Product established from and after the time that the Lenders have received written notice from the Borrower or the Administrative Agent that an Event of Default exists, until such Event of Default has been waived in accordance with Section 9.1, shall not be included as “Credit Party Obligations” for purposes of a distribution under Section 2.11(b).

“Bank Product Debt” shall mean the Indebtedness and other obligations of any Credit Party or Subsidiary relating to Bank Products.

“Bank Product Provider” shall mean any Person that provides Bank Products to a Credit Party or any Subsidiary to the extent that (a) such Person is a Lender, an Affiliate of a Lender or any other Person that was a Lender (or an Affiliate of a Lender) at the time it entered into the Bank Product but has ceased to be a Lender (or whose Affiliate has ceased to be a Lender) under the Credit Agreement or (b) such Person is a Lender or an Affiliate of a Lender on the Closing Date and the Bank Product was entered into on or prior to the Closing Date (even if such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender).

“Bankruptcy Code” shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“Bankruptcy Event” shall mean any of the events described in Section 7.1(f).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” shall have the meaning set forth in the first paragraph of this Agreement.

“Borrowing Date” shall mean, in respect of any Loan, the date such Loan is made.

“Business” shall have the meaning set forth in Section 3.10.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close; provided, however, that when used in connection with a rate determination, borrowing or payment in respect of a LIBOR Rate Loan, the term “Business Day” shall also exclude any day on which banks in London, England are not open for dealings in Dollar deposits in the London interbank market.

“Capital Lease” shall mean any lease of property, real or personal, the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP; provided that for purposes of calculating Indebtedness hereunder, and notwithstanding Section 1.3 hereof, the term “Capital Lease” shall not include any Capital Lease that was classified as an Operating Lease on the Closing Date or would have been classified as an Operating Lease had such agreement been in effect on the Closing Date prior to a relevant change in law or change in GAAP (from GAAP as in effect on the Closing Date) which has the effect of re-classifying such agreement as a Capital Lease.

“Capital Lease Obligations” shall mean the capitalized lease obligations, determined in accordance with GAAP, relating to a Capital Lease.

“Cash Collateralize” shall mean to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Lenders (as applicable) and the Lenders, as collateral for LOC Obligations or obligations of Lenders to fund participations in respect thereof (as the context may require), cash or deposit account balances or, if the applicable Issuing Lender benefiting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) such Issuing Lender. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalents” shall mean (a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition (“Government Obligations”), (b) Dollar denominated time deposits, certificates of deposit, eurodollar time deposits and eurodollar certificates of deposit of (i) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000, (ii) any U.S. branch or agency of a non-U.S. commercial bank of internationally recognized standing, having capital and surplus in excess of \$500,000,000 or (iii) any bank whose short-term commercial paper rating is at least A-2 or the equivalent thereof from S&P or at least P-2 or the equivalent thereof from Moody’s (any such bank being an “Approved Bank”), in each case with maturities of not more than three hundred sixty-four (364) days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by any domestic corporation rated A-2 (or the equivalent thereof) or better by S&P or P-2 (or the equivalent thereof) or better by Moody’s and maturing within six months of the date of acquisition, (d) repurchase agreements with a term of not more than thirty (30) days with a bank or trust company (including a Lender) or a recognized securities broker dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States of America, (e) obligations of any state of the United States or any political subdivision thereof for the payment of the principal and redemption price of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (f) money market accounts subject to Rule 2a-7 of the Investment Company Act of 1940 (“Rule 2a-7”) which consist primarily of cash and cash equivalents set forth

in clauses (a) through (e) above and of which 95% shall at all times be comprised of First Tier Securities (as defined in Rule 2a-7) and any remaining amount shall at all times be comprised of Second Tier Securities (as defined in Rule 2a-7) and (g) shares of any so-called “money market fund”; provided that such fund is registered under the Investment Company Act of 1940, has net assets of at least \$500,000,000 and has an investment portfolio with an average maturity of three hundred sixty-five (365) days or less.

“Cash Management Services” shall mean any services provided from time to time to any Credit Party or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services and all other treasury and cash management services.

“Change in Law” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Change of Control” shall mean at any time, the occurrence of any of the following events:(a) any “person” or “group” (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have “beneficial ownership” of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of thirty-five percent (35%) or more of the then outstanding Voting Stock of the Borrower; (b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower shall cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) any Person or two or more Persons acting in concert shall have entered into a contract or arrangement that, upon consummation thereof, would result in the occurrence of an event that would violate either (a) or (b) above.

“Closing Date” shall mean ~~the date of this Agreement~~ October 30, 2017.

“CMS” shall mean the Centers for Medicare and Medicaid Services.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” shall mean, (a) 100% of the Equity Interests of each Guarantor, (b) Equity Interests in any Foreign Subsidiary or FSHCO up to but not in excess of 65% of the voting Equity Interests and 100% of the non-voting Equity Interests of such Foreign Subsidiary or FSHCO, as applicable and (c) all tangible and intangible personal property of any Credit Party (including but not limited to accounts receivable, inventory, equipment, general intangibles (including contract rights), deposit and securities accounts, investment property, intellectual property, intercompany notes, instruments, chattel paper and documents, letter of credit rights, commercial tort claims and proceeds of the foregoing), other than Excluded Assets.

“Collateral Agreement” shall mean an agreement among each of the Credit Parties and the Administrative Agent, whereby the perfected first-priority security interests required by the definition of “Collateral Event” are granted to the Administrative Agent on behalf of each of the Lenders and Bank Product Providers.

“Collateral Event” shall mean the date, if any, upon which each of the following events has occurred (it being understood that the decision whether or not to cause any of the following events to occur shall be within the Borrower’s sole discretion, but that no “Collateral Event” shall have occurred until all of the following are completed or the completion thereof is waived by the Administrative Agent):

(a) the Administrative Agent shall have received from each Credit Party, a counterpart of the Collateral Agreement duly executed and delivered on behalf of such Credit Party, which Collateral Agreement, when taken together with the other requirements of this definition of “Collateral Event” shall grant first priority security interests in favor of the Administrative Agent in all of the Collateral;

(b) the Administrative Agent for the benefit of the Lenders and Bank Product Providers shall have received all certificates (if any) representing the Equity Interests pledged as Collateral, together with stock powers or other instruments of transfer with respect thereto endorsed in blank;

(c) all Indebtedness having, in the case of each instance of Indebtedness, an aggregate principal amount in excess of \$5,000,000 (other than to the extent that a pledge of such promissory note or instrument would violate applicable law) that is owing to any Credit Party and evidenced by a promissory note or an instrument and constitutes Collateral shall have been pledged pursuant to the Collateral Agreement, and the Administrative Agent shall have received all such promissory notes or instruments, together with note powers or other instruments of transfer with respect thereto endorsed in blank;

(d) the Administrative Agent shall have received from each Credit Party, a counterpart of the Global Intercompany Note, duly executed and delivered on behalf of such Credit Party;

(e) except as contemplated by any Security Document or otherwise agreed by the Administrative Agent, all documents and instruments, including Uniform Commercial Code financing statements and filings with the United States Copyright Office and the United States Patent and Trademark Office, and all other actions required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or the recording concurrently with, or promptly following, the execution and delivery of each such Security Document and at all times thereafter (it being understood and agreed that (A) control agreements shall not be required with respect to any deposit accounts, securities accounts or commodities accounts and (B) no perfection actions shall be required with respect to (x) commercial tort claims not exceeding \$5,000,000, (y) motor vehicles and other assets subject to certificates of title, and (z) letter of credit rights, except to the extent constituting a support obligation for other Collateral as to which perfection is accomplished solely by the filing of a Uniform Commercial Code financing statement or equivalent);

(f) the Administrative Agent shall have received insurance certificates from the Borrower’s insurance broker or other evidence reasonably satisfactory to it that all insurance required to be maintained pursuant to this Credit Agreement is in full force and effect and such certificates shall comply with the requirements set forth in this Credit Agreement;

(g) the Administrative Agent shall (i) have received (A) searches of Uniform Commercial Code filings in the jurisdiction of incorporation or formation, as applicable, of each Credit Party and each jurisdiction where any Collateral is located or where a filing would need to be made in order to perfect the Administrative Agent’s security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens and (B) tax lien and judgment searches and (ii) evidence of the release of Liens that are not Permitted Liens;

(h) the Administrative Agent shall have received, for the benefit of the Lenders and Bank Product Providers, an opinion or opinions (including, if relevant, local counsel opinions) of counsel for the Credit Parties, dated as of the date of the Collateral Event, and addressed to the Administrative Agent and the Lenders, in customary form and substance reasonably acceptable to the Administrative Agent (which shall include opinions regarding the validity and perfection of the Liens granted in connection with the Collateral Event).

“Commitment” shall mean the Revolving Commitments, the LOC Commitment and any Incremental Commitment, individually or collectively, as appropriate.

“Commitment Letter” shall mean the commitment letter agreement dated as of October 23, 2017, among the Borrower, JPMCB, Wells Fargo Bank, National Association, Bank of America, N.A., SunTrust Bank, Mizuho Bank Ltd., Fifth Third Bank and the Arrangers.

“Commitment Percentage” shall mean the Revolving Commitment Percentage and any such other “Commitment Percentage” determined pursuant to Section 2.22(d).

“Commitment Period” shall mean (a) with respect to Revolving Loans the period from and including the Closing Date to but excluding the Maturity Date and (b) with respect to Letters of Credit, the period from and including the Closing Date to but excluding the date that is thirty (30) days prior to the Maturity Date.

“Committed Funded Exposure” shall mean, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Loans, LOC Obligations and Participation Interests at such time.

“Commonly Controlled Entity” shall mean an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001(b)(1) of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414(b) or 414(c) of the Code or, solely for purposes of Section 412 of the Code to the extent required by such Section, Section 414(m) or 414(o) of the Code.

“Communications” shall mean, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Credit Document or the transactions contemplated therein which is distributed to the Administrative Agent, any Lender or any Issuing Lender by means of electronic communications pursuant to Section 9.2, including through the Platform.

“Consolidated” shall mean, when used with reference to financial statements or financial statement items of the Borrower and its Subsidiaries or any other Person, such statements or items on a consolidated basis in accordance with the consolidation principles of GAAP.

“Consolidated Assets” shall mean, as of any date of determination, the Consolidated assets of the Credit Parties and their Subsidiaries at such date, as determined in accordance with GAAP.

“Consolidated EBITDA” shall mean, as of any date of determination for the four consecutive fiscal quarter period ending on such date, without duplication, (a) Consolidated Net Income for such period plus (b) the sum of the following to the extent deducted in calculating Consolidated Net Income for such period: (i) Consolidated Interest Expense for such period, (ii) tax expense (including, without limitation, any federal, state, local and foreign income and similar taxes) of the Credit Parties and their Subsidiaries for such period, (iii) depreciation and amortization expense of the Credit Parties and their Subsidiaries for such period, (iv) non-cash expenses of the Borrower and its Subsidiaries related to the equity compensation of any current or former employee or director of the Borrower or any Subsidiary or pursuant to any equity compensation plan of the Borrower and; (v) other ~~non-recurring~~ non-cash charges (excluding reserves for future cash charges) of the Credit Parties and their Subsidiaries for such period and; (vi) actual fees and expenses incurred in connection with the transactions relating to this Agreement during the period ending on the 30th day following the Closing Date ~~minus (e) or the Amendment No. 1 Effective Date, as applicable,~~ (vii) costs and expenses for pending or threatened non-ordinary course litigation or disputes incurred during such period, (viii) the amount of all extraordinary, unusual or non-recurring losses, expenses or charges incurred during such period, and (ix) any costs, fees, charges, accruals and reserves incurred during such period in connection with any integration, transition, facilities openings, vacant facilities, consolidations, relocations, closing, acquisitions, Permitted JV Investments and Dispositions, business optimization and entry into new markets, including technology, systems and infrastructure design, upgrade and implementation costs, consulting fees, restructuring costs, severance and curtailments or modifications to pension or postretirement employee benefit plans, plus (c) the amount of net cost savings, operating expense reductions and synergies projected by the Borrower (for the Borrower and/or its Subsidiaries) in good faith to be realized as a result of any transaction, restructuring initiative, cost savings initiative or operational change (which cost savings, operating expense reductions or

synergies shall be calculated on a pro forma basis as though such cost savings, operating expense reductions or synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such transaction, initiative or change; provided that (A) such cost savings, operating expense reductions or synergies are reasonably identifiable and factually supportable and (B) such actions have been taken or are to be taken within 18 months of the consummation of such transaction or the date of commencement of such initiative or change, as applicable, minus (d) federal, state, local and foreign income tax credits of the Borrower and its Subsidiaries for such period minus (de) all non-cash items increasing Consolidated Net Income for such period minus (ef) non-cash charges previously added back to Consolidated Net Income in determining Consolidated EBITDA to the extent such non-cash charges have become cash charges during such period; provided that the amounts included under clauses (b)(vii), (b)(viii), (b)(ix) and (c) above shall not exceed 20% of Consolidated EBITDA (prior to giving effect to the such clauses).

“Consolidated Funded Debt” shall mean, as of any date of determination, Funded Debt of the Credit Parties and their Subsidiaries on a Consolidated basis.

“Consolidated Interest Expense” shall mean, as of any date of determination for the four consecutive fiscal quarter period ending on such date, all interest expense (excluding amortization of debt discount and premium, but including the interest component under Capital Leases and synthetic leases, tax retention operating leases, off-balance sheet loans and similar off-balance sheet financing products) for such period of the Credit Parties and their Subsidiaries on a Consolidated basis.

“Consolidated Net Leverage Ratio” shall mean, as of the date of the last day of any fiscal quarter of the Borrower, for the Credit Parties and their Subsidiaries on a Consolidated basis, the ratio of (a)(i) Consolidated Funded Debt of the Credit Parties and their Subsidiaries on such date minus (ii) the aggregate amount of unrestricted cash and Cash Equivalents of the Credit Parties and their Subsidiaries on a Consolidated basis in each case as of such date, to (b) Consolidated EBITDA.

“Consolidated Net Income” shall mean, as of any date of determination for the four consecutive fiscal quarter period ending on such date, for the Credit Parties and their Subsidiaries on a Consolidated basis, the net income of the Credit Parties and their Subsidiaries (excluding extraordinary gains, including the write-up of assets, but including extraordinary losses) for that period, minus the income of any Subsidiary of the Borrower (including income of a Subsidiary of such Subsidiary attributed thereto) to the extent the payment of such income in the form of a Restricted Payment or repayment of Indebtedness to the Borrower or to another Subsidiary not so restricted is not permitted on account of any provision of any organization document, Contractual Obligation or law applicable to such Subsidiary. Consolidated Net Income shall exclude any income or loss attributable to a Permitted JV (other than dividends or distributions received in cash or Cash Equivalents from such Permitted JV by a Credit Party or Subsidiary (other than another Permitted JV)) to the extent the financial results of such Permitted JV are not Consolidated with the financial results of the Borrower and its Subsidiaries.

“Consolidated Total Assets” shall mean, as of any date of determination, Consolidated Assets as set forth in the Consolidated balance sheet of the Credit Parties and their Subsidiaries most recently delivered pursuant to Section 5.1(a) or (b).

“Contractual Obligation” shall mean, as to any Person, any obligations or liabilities of such Person arising under any provision of any security issued by such Person or of any contract, agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Copyright Licenses” shall mean any agreement, whether written or oral, providing for the grant by or to a Person of any right under any Copyright.

“Copyrights” shall mean all copyrights in all Works, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise and all renewals thereof.

“Credit Documents” shall mean this Agreement, Amendment No. 1, each of the Notes, any Joinder Agreement, the Letters of Credit, the LOC Documents and the Security Documents, if any, and all other agreements, documents, certificates and instruments delivered to the Administrative Agent or any Lender by any Credit Party in connection therewith (other than any agreement, document, certificate or instrument related to a Bank Product).

“Credit Party” shall mean any of the Borrower or the Guarantors.

“Credit Party Obligations” shall mean, without duplication, (a) the Obligations and (b) for purposes of the Guaranty, the sharing thereof and/or payments from proceeds thereof, all Bank Product Debt.

“Debtor Relief Laws” shall mean the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” shall mean any of the events specified in Section 7.1, whether or not any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Default Rate” shall mean (a) when used with respect to the Loans, an interest rate equal to (i) for Alternate Base Rate Loans (A) the Alternate Base Rate plus (B) the Applicable Margin, if any, applicable to Alternate Base Rate Loans plus (C) 2% per annum and (ii) for LIBOR Rate Loans, (A) the LIBOR Rate plus (B) the Applicable Margin applicable to LIBOR Rate Loans plus (C) 2% per annum, (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Margin plus 2% per annum and (c) when used with respect to any other fee, overdue interest or any other Obligations or amount due hereunder, an interest rate equal to (A) the Alternate Base Rate plus (B) the Applicable Margin, if any, applicable to Alternate Base Rate Loans plus (C) 2% per annum.

“Defaulting Lender” shall mean, subject to Section 2.21(b) any Lender that, (a) has failed to (i) fund all or any portion of its Revolving Loans, Incremental Loans, or participations in LOC Obligations required to be funded by it hereunder within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Lenders or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit) within two (2) Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or any Issuing Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment

on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.21(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Lender and each Lender.

“Disposition” shall have the meaning set forth in Section 6.4(a).

“Dividing Person” has the meaning assigned to it in the definition of “Division”.

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Division Successor” means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

“Dollars” and “\$” shall mean dollars in lawful currency of the United States of America.

“Domestic Lending Office” shall mean, initially, the office of each Lender designated as such Lender’s Domestic Lending Office shown in such Lender’s Administrative Questionnaire; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office of such Lender at which Alternate Base Rate Loans of such Lender are to be made.

“Domestic Subsidiary” shall mean any Subsidiary that is organized under the laws of the United States or any state thereof or under the laws of the District of Columbia.

“EEA Financial Institution” means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” shall mean (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) in the case of any assignment of a Revolving Commitment, the Issuing Lenders and (iii) unless an Event of Default under Section 7.1(a) or (f) has occurred and is continuing and so long as the Primary Syndication of the Loans has been completed as determined by JPMCB, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, “Eligible Assignee” shall not include (A) any Credit Party or any of the Credit Party’s Affiliates or Subsidiaries, (B) any Person holding Subordinated Debt of the Credit Parties or (C) any Defaulting Lender.

“Environmental Laws” shall mean any and all applicable foreign, federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of the environment, as now or may at any time be in effect during the term of this Agreement.

“Equity Holder” shall mean any Person that owns the Equity Interests in any Practice that is a party to any Management Agreement.

“Equity Interests” shall mean (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general, preferred or limited), (d) in the case of a limited liability company, membership interests and (e) any other interest or participation that confers or could confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, without limitation, options, warrants and any other “equity security” as defined in Rule 3a11-1 of the Exchange Act.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“EU Bail-in Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurodollar Reserve Percentage” shall mean for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/100th of 1%) which is in effect for such day as prescribed by the Board of Governors of the Federal Reserve System (the “Board”) (or any successor) for determining the maximum reserve requirement (including, without limitation, any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities, as defined in Regulation D of the Board as in effect from time to time, or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

“Event of Default” shall mean any of the events specified in Section 7.1; provided, however, that any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Assets” shall mean (i) any real property (including real property leasehold interests), (ii) any governmental licenses or state or local franchises, charters or authorizations, to the extent a security interest in any such licenses, franchise, charter or authorization would be prohibited or restricted thereby (including any legally effective prohibition or restriction), (iii) any assets the pledge of which, or the ownership of which by any Person other than a licensed physician, would be prohibited by applicable law, rule or regulation, (iv) margin stock, (v) any intent-to-use trademark application prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, (vi) any lease, license or other agreement or contract or any property subject to a purchase money security interest, capital lease obligation or similar arrangement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or contract or purchase money, capital lease or similar arrangement or create a right of termination in favor of any other party thereto (other than the Borrower or any of its affiliates) after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code or other similar applicable law, other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code or other similar applicable law notwithstanding such prohibition, (vii) Equity Interests in any Foreign Subsidiary or FSHCO that would not qualify as “Collateral” under clause (b) of such definition and (viii) assets held by any Foreign Subsidiaries of the Borrower. The Collateral may also exclude those assets as to which the Administrative Agent and the Borrower reasonably agree in writing that the cost of obtaining such a security interest or perfection thereof is excessive in relation to the benefit to the Lenders of the security to be afforded thereby.

“Excluded Swap Obligation” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract, or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act (any such obligation, a “Swap Obligation”), if, and to the extent that, all or a portion of the guarantee of such Guarantor pursuant to the Guarantee of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee pursuant to the Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation, or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof).

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender, any Issuing Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder or under any other Credit Document, (a) taxes imposed on or measured by its net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by any jurisdiction (or any political subdivision thereof) as a result of such recipient being organized under the laws of or having its principal office or, in the case of any Lender, an applicable lending office in the jurisdiction imposing such Tax (or any political subdivision thereof) or as a result of any other present or former connection other than a connection resulting at least in part from this Agreement, any other Credit Document, or any actions related thereto, (b) any United States branch profits taxes, or any similar tax, imposed by any jurisdiction described in (a), (c) any United States federal backup withholding tax imposed under Section 3406 of the Code, (d) in the case of a Foreign Lender (other than a Foreign Lender becoming a party hereto pursuant to the Borrower’s request under Section 2.19), any United States federal withholding tax that is imposed on amounts payable to such Foreign Lender pursuant to a law in effect at the time such Foreign Lender becomes a party hereto (or designates a new lending office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, immediately prior to the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.16, (e) any withholding tax attributable to a Lender’s failure to comply with Section 2.16(e) or (f), and (f) any withholding tax to the extent imposed pursuant to FATCA.

“Existing Credit Agreement” means the Credit Agreement, dated as of October 29, 2014, as amended by Amendment No. 1 dated as of June 5, 2015 and as further amended or otherwise modified prior to the date hereof, among the Borrower, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

“Existing Lenders” means the lenders party to the Existing Credit Agreement.

“Existing Letter of Credit” shall mean each of the letters of credit described by applicant, date of issuance, letter of credit number, amount, beneficiary and the date of expiry on Schedule 1.1(c) hereto.

“Extension of Credit” shall mean, as to any Lender, the making of a Loan by such Lender, any conversion of a Loan from one Type to another Type, any extension of any Loan or the issuance, extension or renewal of, or participation in, a Letter of Credit by such Lender.

“Facility” shall mean an Incremental Facility and/or the Revolving Facility, as appropriate.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with or any agreements entered into pursuant to Section 1471(b)(1) of the Code) and any current or future regulations or official interpretations thereof.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of nationally recognized standing selected by it; provided, that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fee Letters” shall mean, collectively, (a) the fee letter agreement dated October 23, 2017, addressed to the Borrower from JPMCB, as amended, modified, extended, restated, replaced, or supplemented from time to time and (b) any other fee letter entered into prior to the Closing Date with any Agent or Arranger relating to this Credit Agreement.

“Foreign Lender” shall mean any Lender that is not a “United States person” as defined in Section 7701(a)(30) of the Code.

“Foreign Subsidiary” shall mean any Subsidiary that is not a Domestic Subsidiary.

“Fronting Exposure” shall mean, at any time there is a Defaulting Lender, with respect to the Issuing Lenders, such Defaulting Lender’s Commitment Percentage of the outstanding LOC Obligations with respect to Letters of Credit issued by the Issuing Lenders other than LOC Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“FSHCO” shall mean any Domestic Subsidiary that owns no material assets other than the capital stock of one or more Foreign Subsidiaries that are “controlled foreign corporations” within the meaning of Section 957 of the Code.

“Fund” shall mean any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“Funded Debt” shall mean, with respect to any Person, without duplication, all Indebtedness of such Person (other than Indebtedness set forth in clauses (e) and (i) of such definition).

“GAAP” shall mean generally accepted accounting principles in effect in the United States of America (or, in the case of Foreign Subsidiaries with significant operations outside the United States of America, generally accepted accounting principles in effect from time to time in their respective jurisdictions of organization or formation) applied on a consistent basis, subject, however, in the case of determination of compliance with the financial covenants set out in Section 5.9 to the provisions of Section 1.3.

“Global Intercompany Note” shall mean a promissory note, in form and substance satisfactory to the Administrative Agent, evidencing all intercompany loans at any time owed by any Credit Party to the Borrower or any of its Subsidiaries, declaring such loans to be subordinate in all respects to the payment of the Obligations at any time owing to the Lenders.

“Government Acts” shall have the meaning set forth in Section 2.17(a).

“Government Obligations” shall have the meaning set forth in the definition of “Cash Equivalents.”

“Government Reimbursement Program” shall mean (to the extent that any Credit Party participates in one or more of the following): (a) Medicare, the Federal Employees Health Benefit Program under 5 U.S.C. §§ 8902 *et seq.*, the TRICARE program established by the Department of Defense under 10 U.S.C. §§ 1071 *et seq.* or the Civilian Health and Medical Program of the Uniformed Services under 10 U.S.C. §§ 1079 and 1086, (b) Medicaid or (c) any agent, administrator, intermediary or carrier for any of the foregoing.

“Governmental Authority” shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Guarantor” shall mean the Domestic Subsidiaries of the Borrower as are, or may from time to time become parties to this Agreement.

“Guaranty” shall mean the guaranty of the Guarantors set forth in Article X.

“Guaranty Obligations” shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including, without limitation, any obligation, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting security therefor, (b) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including, without limitation, keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (c) to lease or purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (d) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

“Healthcare Laws” shall mean, collectively, any and all federal, state or local laws, rules, regulations and to the extent publicly available to providers, administrative manuals, orders, guidelines and requirements issued under or in connection with Medicare, Medicaid or any Government Reimbursement Program, or any law governing the licensure of or regulating healthcare providers, professionals, facilities or payors or otherwise governing or regulating the provision of, or payment for, medical services, including, without limitation, the delivery of home healthcare services by the Credit Parties and any other medical, nursing or other patient-related services now or hereafter provided by the Credit Parties. Healthcare Laws include, but are not limited to, HIPAA; 31 U.S.C. Section 3729, *et seq.*; 42 U.S.C. Section 1320a-7(b); and 42 U.S.C. 1395nn.

“Hedging Agreements” shall mean, with respect to any Person, any agreement entered into to protect such Person against fluctuations in interest rates, or currency or raw materials values, including, without limitation, any interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more counterparties, any foreign currency exchange agreement, currency protection agreements, commodity purchase or option agreements or other interest or exchange rate hedging agreements.

“HIPAA” shall mean the (a) Health Insurance Portability and Accountability Act of 1996; (b) the Health Information Technology for Economic and Clinical Health Act (Title XIII of the American Recovery and Reinvestment Act of 2009); and (c) any state and local laws regulating the privacy and/or security of individually identifiable information, including state laws providing for notification of breach of privacy or security of individually identifiable information, in each case with respect to the laws described in clauses (a), (b) and (c) of this definition, as the same may be amended, modified or supplemented from time to time, any successor statutes thereto, any and all rules or regulations promulgated from time to time thereunder.

“Holder Purchase Grant” shall have the meaning set forth in Section 9.23(a).

“Increased Revolver Commitment” shall have the meaning set forth in Section 2.22(a).

“Incremental Facility” shall have the meaning set forth in Section 2.22(a).

“Incremental Facility Commitment” shall have the meaning set forth in Section 2.22(a).

“Incremental Lender” shall have the meaning set forth in Section 2.22(c).

“Incremental Loans” shall have the meaning set forth in Section 2.22(a).

“Incremental Commitments” shall have the meaning set forth in Section 2.22(a).

“Indebtedness” shall mean, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations (including, without limitation, earnout obligations) of such Person incurred, issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guaranty Obligations of such Person with respect to Indebtedness of another Person, (h) the principal portion of all Capital Lease Obligations plus any accrued interest thereon, (i) the Swap Termination Value of all Hedging Agreements of such Person, (j) the maximum amount of all letters of credit issued or bankers’ acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (k) all preferred Equity Interest issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemption or other acceleration, (l) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product plus any accrued interest thereon and (m) all obligations of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer to the extent such Indebtedness is recourse to such Person.

“Indemnified Taxes” shall mean all Taxes imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Credit Document, other than Excluded Taxes.

“Indemnitee” shall have the meaning set forth in Section 9.5(b).

“Insolvency” shall mean, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of such term as used in Section 4245 of ERISA.

“Intellectual Property” shall mean, collectively, all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses of the Credit Parties and their Subsidiaries, all goodwill associated therewith and all rights to sue for infringement thereof.

“Interest Coverage Ratio” shall mean, as of the last day of any fiscal quarter of the Borrower, for the Credit Parties and their Subsidiaries on a Consolidated basis, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense paid or payable in cash during the four consecutive fiscal quarter period ending on such date.

“Interest Determination Date” shall have the meaning specified in the definition of “Applicable Margin.”

“Interest Payment Date” shall mean (a) as to any Alternate Base Rate Loan, the last Business Day of each March, June, September and December, (b) as to any LIBOR Rate Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any LIBOR Rate Loan having an Interest Period longer than three months, (i) each three (3) month anniversary following the first day of such Interest Period and (ii) the last day of such Interest Period, (d) as to any Loan which is the subject of a mandatory prepayment required pursuant to Section 2.7(b), the date on which such mandatory prepayment is due, and (e) as to any Loan then outstanding, on the Maturity Date.

“Interest Period” shall mean, with respect to any LIBOR Rate Loan,

(a) initially, the period commencing on the Borrowing Date or conversion date, as the case may be, with respect to such LIBOR Rate Loan and ending one, two, three or six months thereafter, subject to availability to all applicable Lenders, as selected by the Borrower in the Notice of Borrowing or Notice of Conversion given with respect thereto; and

(b) thereafter, each period commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Rate Loan and ending one, two, three or six months thereafter, subject to availability to all applicable Lenders, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three (3) Business Days prior to the last day of the then current Interest Period with respect thereto; provided that the foregoing provisions are subject to the following:

(i) if any Interest Period pertaining to a LIBOR Rate Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period pertaining to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(iii) if the Borrower shall fail to give notice as provided above, the Borrower shall be deemed to have selected an Alternate Base Rate Loan to replace the affected LIBOR Rate Loan;

(iv) no Interest Period in respect of any Revolving Loans shall extend beyond the Maturity Date; and

(v) no more than ten (10) LIBOR Rate Loans may be in effect at any time. For purposes hereof, LIBOR Rate Loans with different Interest Periods shall be considered as separate LIBOR Rate Loans, even if they shall begin on the same date, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new LIBOR Rate Loan with a single Interest Period.

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period for which the LIBO Screen Rate is available for Dollars) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, at such time.

“Investment” shall mean (a) the acquisition (whether for cash, property, services, assumption of Indebtedness, securities or otherwise) of shares of Equity Interest, other ownership interests or other securities of any Person or bonds, notes, debentures or all or substantially all of the assets of any Person (including pursuant to any merger with, or as a Division Successor pursuant to the Division of, any Person that was not a wholly-owned Subsidiary prior to such merger or Division), (b) any deposit with, or advance, loan or other extension of credit to, any Person (other than deposits made in the ordinary course of business) or (c) any other capital contribution to or investment in any Person, including, without limitation, any Guaranty Obligation (including any support for a letter of credit issued on behalf of such Person) incurred for the benefit of such Person.

“Issuing Lender” shall mean, with respect to Letters of Credit, (a) each of JPMCB (including in its capacity as issuing lender under any Existing Letter of Credit), Wells Fargo Bank, National Association (including in its capacity as issuing lender under any Existing Letter of Credit), Bank of America, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., SunTrust Bank, Mizuho Bank, Ltd. and Fifth Third Bank, together with any successor thereto and (b) each Successor Issuing Lender.

“Issuing Lender Fees” shall have the meaning set forth in Section 2.5(c).

“Issuing Lender Sublimit” shall mean, (a) with respect to each initial Issuing Lender, \$7,500,000, as such amount may be modified pursuant to a Successor Issuing Lender Agreement and (b) with respect to any Successor Issuing Lender, such amount as specified in the applicable Successor Issuing Lender Agreement.

“Joinder Agreement” shall mean a Joinder Agreement in substantially the form of Exhibit 1.1(c), executed and delivered by an Additional Credit Party in accordance with the provisions of Section 5.10.

“Joint Commission” shall mean the Joint Commission (formerly known as the Joint Commission on Accreditation of Healthcare Organizations).

“JPMCB” shall mean JPMorgan Chase Bank, N.A., together with its successors and/or assigns.

“JPMS” shall mean J. P. Morgan Securities LLC, together with its successors and/or assigns.

“Lender” shall mean any of the several banks and other financial institutions as are, or may from time to time become parties to this Agreement; provided that notwithstanding the foregoing, “Lender” shall not include any Credit Party or any of the Credit Party’s Affiliates or Subsidiaries.

“Lender Consent” shall mean any lender consent delivered by a Lender on the Closing Date in the form of Exhibit 4.1(a).

“Letter of Credit” shall mean (a) any letter of credit issued by any Issuing Lender pursuant to the terms hereof, as such letter of credit may be amended, modified, restated, extended, renewed, increased, replaced or supplemented from time to time and (b) any Existing Letter of Credit, in each case as such letter of credit may be amended, modified, extended, renewed or replaced from time to time.

“Letter of Credit Facing Fee” shall have the meaning set forth in Section 2.5(c).

“Letter of Credit Fee” shall have the meaning set forth in Section 2.5(b).

“LIBO Screen Rate” shall have the meaning assigned to such term in the definition of LIBOR.

“LIBOR” shall mean, for any LIBOR Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on pages LIBOR01 or LIBOR02 of the Reuters screen (or any successor page) as the London interbank offered rate as administered by ICE Benchmark Association (or any other Person that takes over the administration of such rate) for deposits in Dollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided that if the rate per annum appearing on pages LIBOR01 or LIBOR02 of the Reuters screen (or any successor page) shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement (such London interbank offered rate, the “LIBO Screen Rate”). If for any reason such LIBO Screen Rate is not available at such time for such Interest Period (an “Impacted Interest Period”), then “LIBOR” for such Impacted Interest Period shall mean the Interpolated Rate.

“LIBOR Lending Office” shall mean, initially, the office(s) of each Lender designated as such Lender’s LIBOR Lending Office in such Lender’s Administrative Questionnaire; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office of such Lender at which the LIBOR Rate Loans of such Lender are to be made.

“LIBOR Rate” shall mean, for any Interest Period, a rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{1.0 \text{ minus the Eurodollar Reserve Percentage}}$$

“LIBOR Rate Loan” shall mean Loans the rate of interest applicable to which is based on the LIBOR Rate.

“LIBOR Tranche” shall mean the collective reference to LIBOR Rate Loans whose Interest Periods begin and end on the same day.

“Lien” shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, (a) any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing and (b) the filing of, or the agreement to give, any UCC financing statement).

“LLC” means any Person that is a limited liability company under the laws of its jurisdiction of formation.

“Loan” or “Loans” shall mean a Revolving Loan and/or an Incremental Loan, as appropriate.

“LOC Commitment” shall mean (a) with respect to each Issuing Lender’s commitment to issue Letters of Credit, such Issuing Lender’s Issuing Lender Sublimit and (b) with respect to each Revolving Lender, the commitment of such Revolving Lender to purchase Participation Interests in the Letters of Credit up to such Revolving Lender’s Revolving Commitment Percentage of the LOC Committed Amount.

“LOC Committed Amount” shall have the meaning set forth in Section 2.3(a).

“LOC Documents” shall mean, with respect to each Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any application therefor, and any agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or (b) any collateral for such obligations.

“LOC Obligations” shall mean, at any time, the sum of (a) the maximum amount which is, or at any time thereafter may become, available to be drawn under Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit plus (b) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Lenders but not theretofore reimbursed. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.6. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Management Agreement” shall mean each agreement pursuant to which a Manager agrees to provide certain administrative services to a Practice.

“Manager” shall mean, with respect to any particular Management Agreement, the Borrower or its applicable Subsidiary that is a party to such Management Agreement as the administrative manager of the relevant medical practice or practices.

“Mandatory LOC Borrowing” shall have the meaning set forth in Section 2.3(e).

“Material Adverse Effect” shall mean a material adverse effect on (a) the business, operations, property, assets or financial condition of the Credit Parties and their Subsidiaries taken as a whole, (b) the ability of the Credit Parties and their Subsidiaries taken as a whole to perform their obligations, when such obligations are required to be performed, under this Agreement, any of the Notes or any other Credit Document or (c) the validity or enforceability of this Agreement, any of the Notes, any Joinder Agreement, any of the Letters of Credit, the LOC Documents or the Security Documents (if any) or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder. The inclusion of any dollar amount threshold in any representation, warranty, covenant, notice provision, Default or Event of Default or any other provision of this Agreement shall not be deemed to constitute a mutual agreement as to a standard that is determinative of whether a Material Adverse Effect exists or may exist.

“Material Contract” shall mean (a) any Management Agreement and any Restrictive Agreement and (b) any other contract, agreement, permit or license, written or oral, of the Credit Parties or any of their Subsidiaries as to which the breach, nonperformance, cancellation or failure to renew by any party thereto, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

“Material Domestic Subsidiary” shall mean any Domestic Subsidiary of the Borrower that, together with its Subsidiaries, (a) generated more than 10% of the net revenues (whether denominated in the financial statements of the Credit Parties as net patient service revenues or similar nomenclature) of the Credit Parties on a Consolidated basis for the four (4) fiscal quarter period most recently ended or (b) owns more than 10% of the Consolidated Assets as of the last day of the most recently ended fiscal quarter of the Borrower; provided, however, that if at any time there are Domestic Subsidiaries which are not classified as “Material Domestic Subsidiaries” but which collectively (i) generated more than 20% of the net revenues (whether denominated in the financial statements of the Credit Parties as net patient service revenues or similar nomenclature) of the Credit Parties on a Consolidated basis for the four (4) fiscal quarters most recently ended or (ii) own more than 20% of the Consolidated Assets as of the last day of the most recently ended fiscal quarter of the Borrower, then the Borrower shall promptly, and in any event within thirty (30) days after the financial statements for such fiscal quarter become available, designate one or more of such Domestic Subsidiaries as Material Domestic Subsidiaries and cause any such Domestic Subsidiaries to comply with the provisions of Section 5.10 such that, after such Domestic Subsidiaries become Guarantors hereunder, the Domestic Subsidiaries that are not Guarantors shall (iii) generate less than 20% of the net revenues (whether denominated in the financial statements of the Credit Parties as net patient service revenues or similar nomenclature) of the Credit Parties and (iv) own less than 20% of the Consolidated Assets. For purposes of determining whether or not any newly formed or acquired Subsidiary is a “Material Domestic Subsidiary,” the foregoing calculations shall be performed at the time of such acquisition or formation (including any asset contributions made to such Subsidiary concurrently with such acquisition or formation) giving effect to such acquisition or formation (including any asset contributions made to such Subsidiary concurrently with such acquisition or formation) on a Pro Forma Basis as of the last day of the most recently ended fiscal quarter of the Borrower. It is understood and agreed that in no event shall PMG be considered a Material Domestic Subsidiary.

“Materials of Environmental Concern” shall mean any gasoline or petroleum (including crude oil or any extraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, perchlorate, polychlorinated biphenyls and urea-formaldehyde insulation.

“Maturity Date” shall mean October 31, 2022; provided, however, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Medicaid” means the medical assistance programs administered by state agencies and approved by CMS pursuant to the terms of Title XIX of the Social Security Act, codified at 42 U.S.C. 1396 *et seq.*

“Medicare” means the program of health benefits for the aged and disabled administered by CMS pursuant to the terms of Title XVIII of the Social Security Act, codified at 42 U.S.C. 1395 *et seq.*

“Moody’ s” shall mean Moody’ s Investors Service, Inc.

“Multiemployer Plan” shall mean a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Non-Consenting Lender” shall mean any Lender (other than JPMCB) that does not approve any consent, waiver or amendment that has been obtained as to one or more Lenders and that is not effective with respect to an affected Lender not approving such consent, waiver or amendment in accordance with the terms of Section 9.1.

“Non-Defaulting Lender” shall mean, at any time, each Lender that is not a Defaulting Lender at such time.

“Note” or “Notes” shall mean the Revolving Notes, collectively or individually, as appropriate.

“Notice of Borrowing” shall mean a request for a Revolving Loan borrowing pursuant to Section 2.1(b)(i).. A Form of Notice of Borrowing is attached as Exhibit 1.1(d).

“Notice of Conversion/Extension” shall mean the written notice of conversion of a LIBOR Rate Loan to an Alternate Base Rate Loan or an Alternate Base Rate Loan to a LIBOR Rate Loan, or extension of a LIBOR Rate Loan, in each case substantially in the form of Exhibit 1.1(e).

“Obligations” shall mean, collectively, all of the obligations, Indebtedness and liabilities of the Credit Parties to the Lenders (including the Issuing Lenders) and the Administrative Agent, whenever arising, under this Agreement, the Notes or any of the other Credit Documents, including principal, interest, fees, costs, charges, expenses, professional fees, reimbursements, all sums chargeable to the Credit Parties or for which any Credit Party is liable as an indemnitor and whether or not evidenced by a note or other instrument and indemnification obligations and other amounts (including, but not limited to, any interest accruing after the occurrence of a filing of a petition of bankruptcy under the Bankruptcy Code with respect to any Credit Party, regardless of whether such interest is an allowed claim under the Bankruptcy Code). Obligations with respect to any Guarantor shall in no event include any Excluded Swap Obligations of such Guarantor.

“Operating Lease” shall mean, as to any Person as determined in accordance with GAAP, any lease of property (whether real, personal or mixed) by such Person as lessee which is not a Capital Lease, or which is classified as an operating lease under the definition of “Capital Lease.”

“Other Taxes” shall mean all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or under any other Credit Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document.

“Participant” shall have the meaning assigned to such term in Section 9.6(d).

“Participant Register” shall have the meaning assigned to such term in Section 9.6(d).

“Participation Interest” shall mean a participation interest purchased by a Revolving Lender in LOC Obligations as provided in Section 2.3(c).

“Patent Licenses” shall mean any agreement, whether written or oral, providing for the grant by or to a Person of any right to manufacture, use or sell any invention covered by a Patent.

“Patents” shall mean (a) all letters patent of the United States or any other country, now existing or hereafter arising, and all improvement patents, reissues, reexaminations, patents of additions, renewals and extensions thereof and (b) all applications for letters patent of the United States or any other country and all provisionals, divisions, continuations and continuations-in-part and substitutes thereof.

“Patriot Act” shall mean Title III of The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)), as amended or modified from time to time.

“PBGC” shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

“Permitted Acquisition” shall mean an acquisition (other than a Division) or any series of related acquisitions by a Credit Party of (a) all or substantially all of the assets or a majority of the outstanding Voting Stock or economic interests of a Person that is incorporated, formed or organized in the United States, (b) a Person that is incorporated, formed or organized in the United States by a merger, amalgamation or consolidation or any other combination with such Person or (c) any division, line of business or other business unit of a Person that is incorporated, formed or organized in the United States (such Person or such division, line of business or other business unit of such Person shall be referred to herein as the “Target”), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Credit Parties and their Subsidiaries pursuant to Section 6.3, in each case so long as:

(i) no Default or Event of Default shall then exist or would exist after giving effect thereto;

(ii) the Credit Parties shall have furnished to the Administrative Agent within fifteen (15) Business Days after the consummation of such acquisition (A) Consolidated pro forma financial statements of the Borrower (giving pro forma effect to all acquisitions made during the previous four fiscal quarter period as if they had occurred on the first day of such period) as of the most recent date that financial statements have been furnished pursuant to Section 5.1(a) or (b) demonstrating that, after giving effect to the acquisition on a Pro Forma Basis, the Credit Parties are in compliance with each of the financial covenants set forth in Section 5.9 and (B) a certificate substantially in the form of Exhibit 1.1(f) executed by a Responsible Officer of the Borrower certifying that such Permitted Acquisition complies with the requirements of this Agreement;

(iii) the Target, if a Person, shall have executed a Joinder Agreement to the extent required by the terms of Section 5.10 within the applicable time period specified in Section 5.10; and

(iv) the Target does not oppose such acquisition (other than in the case of an acquisition pursuant to a Holder Purchase Grant).

“Permitted Investments” shall mean:

(a) cash and Cash Equivalents;

(b) Investments existing as of the Closing Date as set forth on Schedule 1.1(a), and any renewals, refinancings or extensions thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension;

(c) receivables owing to the Credit Parties or any of their Subsidiaries or any receivables and advances to suppliers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(d) Investments in and loans to any Credit Party;

(e) Investments in and loans to Subsidiaries of Credit Parties (other than Credit Parties) and Permitted JV Investments in an aggregate amount not to exceed at any one time 15% of Consolidated total shareholders' equity as determined in accordance with GAAP and as set forth on the then most recent Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries furnished to the Administrative Agent pursuant to Section 5.1 (for the avoidance of doubt, the calculation of the aggregate amount of all Permitted JV Investments shall not include any accretion (or reduction) for equity in income (loss) in any Permitted JV to the extent the financial results of such Permitted JV are not Consolidated with the financial results of the Borrower and its Subsidiaries except to the extent of dividends or distributions received in cash or Cash Equivalents from a Permitted JV by a Credit Party or Subsidiary (other than another Permitted JV));

(f) loans and advances to employees; provided that such loans and advances shall comply with all Requirements of Law (including Sarbanes-Oxley);

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(h) Investments, acquisitions or transactions permitted under Section 6.4(a)(xiii) or Section 6.4(b) and Guaranty Obligations permitted under Section 6.1;

(i) Permitted Acquisitions;

(j) Hedging Agreements to the extent permitted hereunder;

(k) Investments by PMG in accordance with applicable law and past practices; and

(l) Investments in PMG (in addition to Investments in PMG outstanding on the Closing Date and set forth on Schedule 1.1(a)) in an aggregate principal amount outstanding at any time not to exceed the greater of (i) \$500,000,000 and (ii) 10.0% of Consolidated Total Assets at such time; and

(m) additional loans, advances and/or Investments of a nature not contemplated by the foregoing clauses hereof so long as after giving effect to each such additional loans, advances and/or Investments on a Pro Forma Basis the Consolidated Net Leverage Ratio of the Credit Parties would be less than or equal to 3.75 to 1.00.

“Permitted JV” shall mean a Person that is (a) not a wholly-owned Subsidiary of the Borrower and (b) a type of business (or assets used in a type of business) permitted to be engaged in by the Credit Parties and their Subsidiaries pursuant to Section 6.3.

“Permitted JV Investment” shall mean an Investment after the Closing Date in a Permitted JV (other than an Investment pursuant to clause (b) of the definition of Permitted Investment) so long as no Default or Event of Default shall then exist or would exist after giving effect thereto.

“Permitted Liens” shall mean:

(a) Liens created by or otherwise existing under or in connection with this Agreement or the other Credit Documents in favor of the Administrative Agent on behalf of the Lenders;

(b) Liens in favor of a Bank Product Provider in connection with a Bank Product; provided that such Liens shall secure the Credit Party Obligations on a ratable and pari passu basis;

(c) Liens securing purchase money Indebtedness and Capital Lease Obligations (and refinancings thereof) to the extent permitted under Section 6.1(c); provided, that (i) any such Lien attaches to such property concurrently with or within thirty (30) days after the acquisition thereof and (ii) such Lien attaches solely to the property so acquired in such transaction;

(d) Liens for taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed sixty (60) days), if any, related thereto has not expired or which are being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of any Credit Party or its Subsidiaries, as the case may be, in conformity with GAAP;

(e) statutory Liens such as carriers' , warehousemen' s, mechanics' , materialmen' s, landlords' , repairmen' s or other like Liens arising in the ordinary course of business which are not overdue for a period of more than one hundred twenty (120) days or which are being contested in good faith by appropriate proceedings;

(f) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation (other than any Lien imposed by ERISA) and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in accordance with historical practice and in the ordinary course of business;

(g) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(h) easements, rights of way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(i) Liens existing on the Closing Date and set forth on Schedule 1.1(b); provided that (i) no such Lien shall at any time be extended to cover property or assets other than the property or assets subject thereto on the Closing Date and subsequent improvements thereon, (ii) the principal amount of the Indebtedness secured by such Lien shall not be extended, renewed, refunded or refinanced except as permitted by Section 6.1(b) and (iii) the direct or any contingent obligor with respect thereto is not changed;

(j) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in this definition (other than Liens set forth on Schedule 1.1(b)); provided that such extension, renewal or replacement Lien shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus subsequent improvements on such property);

(k) Liens arising in the ordinary course of business by virtue of any contractual, statutory or common law provision relating to (i) landlord' s Liens arising under leases of real property in the ordinary course of business and (ii) banker' s Liens, rights of set-off or similar rights and remedies covering deposit or securities accounts (including funds or other assets credited thereto) or other funds maintained with a depository institution or securities intermediary;

(l) any zoning, building or similar laws or rights reserved to or vested in any Governmental Authority;

(m) restrictions on transfers of securities imposed by applicable Securities Laws or laws governing the practice of medicine;

(n) Liens arising out of judgments or awards not resulting in an Event of Default; provided that the applicable Credit Party or Subsidiary shall in good faith be prosecuting an appeal or proceedings for review;

(o) Liens on the property of a Person existing at the time such Person becomes a Subsidiary of a Credit Party in a transaction permitted hereunder securing Indebtedness in an aggregate principal amount not to exceed the greater of (i) \$85,000,000 and (ii) 2.0% of Consolidated Total Assets at such time, for all such Persons; provided, however, that any such Lien may not extend to any other property of any Credit Party or any other Subsidiary that is not a Subsidiary of such Person; provided, further, that any such Lien was not created in anticipation of or in connection with the transaction or series of transactions pursuant to which such Person became a Subsidiary of a Credit Party;

(p) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease entered into by any Credit Party or any Subsidiary thereof in the ordinary course of its business and covering only the assets so leased, licensed or subleased;

(q) assignments of insurance or condemnation proceeds provided to landlords (or their mortgagees) pursuant to the terms of any lease and Liens or rights reserved in any lease for rent or for compliance with the terms of such lease;

(r) Liens arising under Restrictive Agreements;

(s) Liens to the extent arising out of judgments, orders, attachments, decrees or awards not resulting in an Event of Default; and

(t) additional Liens so long as the aggregate principal amount of Indebtedness secured thereby at any time does not exceed the greater of (i) \$170,000,000 and (ii) 3.5% of Consolidated Total Assets at such time.

“Person” shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” shall mean, as of any date of determination, any employee benefit plan which is covered by Title IV of ERISA and in respect of which any Credit Party or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” shall have the meaning set forth in Section 9.2(d)(i).

“PMG” means PMG Indemnity Ltd., a corporation organized under the laws of Grand Cayman, British West Indies, and a Subsidiary of the Borrower.

“Practice” shall mean that Person party to any Management Agreement that is not the Manager under such Management Agreement and that engages in the practice of providing medical services or of owning the Equity Interests of other Persons engaged in the practice of medical services.

“Primary Syndication” shall mean any assignments by the Administrative Agent in order to effectuate the initial post-closing syndication made on or prior to the earlier of (a) the date that is ninety (90) days after the Closing Date and (b) the completion of all assignments relating to the completion of a successful syndication.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMCB as its prime rate in effect at its office located at 270 Park Avenue, New York, New York, or any successor office announced by JPMCB; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Private Payor” means any insurance company, health maintenance organization, preferred provider organization or similar entity that is obligated to make payments for goods or services provided to a patient, but shall not include a Government Reimbursement Program.

“Private Payor Arrangement” means a written agreement or arrangement with a Private Payor pursuant to which the Private Payor pays all or a portion of the charges of any Credit Party for providing goods and services to a patient.

“Pro Forma Basis” shall mean, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the four-quarter period ending as of the Borrower’s most recent fiscal quarter end preceding the date of such transaction.

“Properties” shall have the meaning set forth in Section 3.10(a).

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Credit Party that has total assets exceeding \$10,000,000 at the time the relevant Guaranty or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Recipient” shall mean (a) the Administrative Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

“Recovery Event” shall mean the receipt by any Credit Party or its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

“Register” shall have the meaning set forth in Section 9.6(c).

“Reimbursement Obligation” shall mean the obligation of the Borrower to reimburse the Issuing Lenders pursuant to Section 2.3(d) for amounts drawn under Letters of Credit.

“Related Parties” shall mean, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“Reorganization” shall mean, with respect to any Multiemployer Plan, the condition that such Plan is in reorganization within the meaning of such term as used in Section 4241 of ERISA.

“Reportable Event” shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty-day notice period is waived under PBGC Reg. §4043.

“Required Facility Lenders” shall mean, as of any date of determination, either (as the context may require) (a) Revolving Lenders holding at least a majority of the outstanding Revolving Commitments and if the Revolving Commitments have been terminated, the outstanding Revolving Loans and Participation Interests, under the Revolving Facility, or (b) Incremental Lenders holding at least a majority of the outstanding Loans and/or Commitments under an Incremental Facility; provided, however, that if any Lender shall be a Defaulting Lender at such time, then there shall be excluded from the determination of Required Facility Lenders, Obligations (including Participation Interests) owing to such Defaulting Lender and such Defaulting Lender’s Commitments.

“Required Lenders” shall mean, as of any date of determination, Lenders holding at least a majority of (a) the outstanding Commitments and Loans or (b) to the extent Commitments have been terminated, the outstanding Loans and Participation Interests; provided, however, that if any Lender shall be a Defaulting Lender at such time, then there shall be excluded from the determination of Required Lenders, Obligations (including Participation Interests) owing to such Defaulting Lender and such Defaulting Lender’s Commitments.

“Requirement of Law” shall mean, as to any Person, (a) all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (in each case whether or not having the force of law) and (b) all Healthcare Laws; in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” shall mean, for any Credit Party, any duly authorized officer or authorized signatory thereof and as to whom the Administrative Agent has received an incumbency certificate that has not been terminated or revoked indicating such officer or authorized signatory is a duly authorized officer thereof.

“Restricted Payment” shall mean (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interest of any Credit Party or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interest of any Credit Party or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interest of any Credit Party or any of its Subsidiaries, now or hereafter outstanding, (d) any payment with respect to any earnout obligation, (e) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Subordinated Debt of any Credit Party or any of its Subsidiaries, (f) the payment by any Credit Party or any of its Subsidiaries of any management, advisory or consulting fee to any Person (other than such fees incurred in the ordinary course of business) or (g) the payment of any extraordinary salary, bonus or other form of compensation for services to any Person who is directly or indirectly a significant partner, shareholder, owner or executive officer of any such Person, to the extent such extraordinary salary, bonus or other form of compensation is not or would not be an expense reflected on such Person’s financial statements in accordance with GAAP.

“Restrictive Agreement” shall have the meaning set forth in Section 9.23(a).

“Revolving Commitment” shall mean, with respect to each Revolving Lender, the commitment of such Revolving Lender to make Revolving Loans in an aggregate principal amount at any time outstanding up to an amount equal to such Revolving Lender’s Revolving Commitment Percentage of the Revolving Committed Amount.

“Revolving Commitment Percentage” shall mean for each Revolving Lender, the percentage identified as its Revolving Commitment Percentage on Schedule 2.1(a) or in the Assignment and Assumption pursuant to which such Revolving Lender became a Revolving Lender hereunder, as such percentage may be modified after the Closing Date in accordance with the provisions of this Credit Agreement.

“Revolving Committed Amount” shall have the meaning set forth in Section 2.1(a).

“Revolving Facility” shall have the meaning set forth in Section 2.1(a).

“Revolving Lender” shall mean, as of any date of determination, a Lender holding a Revolving Commitment, a Revolving Loan or a Participation Interest on such date.

“Revolving Loans” shall have the meaning set forth in Section 2.1(a).

“Revolving Note” or “Revolving Notes” shall mean the promissory notes of the Borrower provided pursuant to Section 2.1(e) in favor of any of the Revolving Lenders evidencing the Revolving Loan provided by any such Revolving Lender pursuant to Section 2.1(a), individually or collectively, as appropriate, as such promissory notes may be amended, modified, extended, restated, replaced, or supplemented from time to time.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“Sale and Leaseback Transaction” shall mean any arrangement pursuant to which any Credit Party or Subsidiary, directly or indirectly, becomes liable as lessee, guarantor or other surety with respect to any lease, whether an Operating Lease or a Capital Lease, of any property or assets (a) which a Credit Party or Subsidiary has sold or transferred (or is to sell or transfer) to a Person which is not a Credit Party or Subsidiary or (b) which such Credit Party or Subsidiary intends to use for substantially the same purpose as any other property or assets which have been sold or transferred (or is to be sold or transferred) by a Credit Party or Subsidiary to another Person which is not a Credit Party or Subsidiary in connection with such lease.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Sudan, Syria and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the government of Canada or (c) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom

“Sarbanes-Oxley” shall mean the Sarbanes-Oxley Act of 2002.

“SEC” shall mean the Securities and Exchange Commission or any successor Governmental Authority.

“Securities Act” shall mean the Securities Act of 1933, together with any amendment thereto or replacement thereof and any rules or regulations promulgated thereunder.

“Securities Laws” shall mean the Securities Act, the Exchange Act, Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

“Security Documents” shall mean the Collateral Agreement and each of the security agreements, pledge agreements and other instruments and documents executed and delivered pursuant to the occurrence of the Collateral Event or pursuant to Section 5.13.

“Single Employer Plan” shall mean any Plan that is not a Multiemployer Plan.

“Subordinated Debt” shall mean any Indebtedness incurred by any Credit Party which by its terms is specifically subordinated in right of payment to the prior payment of the Credit Party Obligations and contains subordination and other terms acceptable to the Administrative Agent.

“Subsidiary” shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, limited liability company, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person; provided, that notwithstanding the foregoing, each Practice and each of its Subsidiaries shall constitute a Subsidiary of the Borrower for the purposes of the Credit Documents. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Successor Issuing Lender” shall have the meaning set forth in Section 2.3(f).

“Successor Issuing Lender Agreement” shall have the meaning set forth in Section 2.3(f).

“Swap Termination Value” shall mean, in respect of any one or more Hedging Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements, (a) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements (which may include a Lender or any Affiliate of a Lender).

“Target” shall have the meaning set forth in the definition of “Permitted Acquisition.”

“Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees and other like charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Trademark License” shall mean any agreement, whether written or oral, providing for the grant by or to a Person of any right to use any Trademark.

“Trademarks” shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, service marks, elements of package or trade dress of goods or services, logos and other source or business identifiers, together with the goodwill associated therewith, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (b) all renewals thereof.

“Transactions” shall mean the closing of this Agreement and the other Credit Documents and the other transactions contemplated hereby to occur in connection with such closing (including, without limitation, the initial borrowings under the Credit Documents and the payment of fees and expenses in connection with all of the foregoing).

“Transfer Effective Date” shall have the meaning set forth in each Assignment and Assumption.

“Type” shall mean, as to any Loan, its nature as an Alternate Base Rate Loan or LIBOR Rate Loan, as the case may be.

“UCC” shall mean the Uniform Commercial Code from time to time in effect in any applicable jurisdiction.

“United States” shall mean the United States of America and the states, territories and possessions thereof, including, without limitation, Puerto Rico.

“Unused Commitment Fee” shall have the meaning set forth in Section 2.5(a).

“U.S. Lender” shall mean any Lender that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“Voting Stock” shall mean, with respect to any Person, Equity Interest issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote may be or have been suspended by the happening of such a contingency.

“Works” shall mean all works which are subject to copyright protection pursuant to Title 17 of the United States Code.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.2 Other Definitional Provisions.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the

context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented, amended and restated or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof of this Agreement, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (g) all terms defined in this Agreement shall have the defined meanings when used in any other Credit Document or any certificate or other document made or delivered pursuant hereto. The phrase, "to the actual knowledge," "to the best knowledge," "to the knowledge" or similar uses of "knowledge" of a Responsible Officer of the Borrower or other specified Credit Party with respect to any statement made herein means that no information that would give such Responsible Officer current actual knowledge of the inaccuracy of such statement has come to the attention of such Responsible Officer, nor, except as otherwise expressly indicated, that such Responsible Officer has undertaken any independent investigation to determine the accuracy of such statement other than due inquiry of other executive employees of such Credit Party who have management responsibilities with respect to the subject matter of such statement in the ordinary course of such employees' duties.

Section 1.3 Accounting Terms.

Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP applied on a basis consistent with the most recent audited Consolidated financial statements of the Borrower delivered to the Lenders. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Credit Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided, that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

The Borrower shall deliver to the Administrative Agent and each Lender at the same time as the delivery of any annual or quarterly financial statements given in accordance with the provisions of Section 5.1, (a) a description in reasonable detail of any material change in the application of accounting principles employed in the preparation of such financial statements from those applied in the most recently preceding quarterly or annual financial statements as to which no objection shall have been made in accordance with the provisions above and (b) a reasonable estimate of the effect on the financial statements on account of such changes in application.

Section 1.4 Time References.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.5 Execution of Documents.

Unless otherwise specified, all Credit Documents and all other certificates executed in connection therewith must be signed by a Responsible Officer.

Section 1.6 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any LOC Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

Section 1.7 LIBOR Notification

. The interest rate on LIBOR Rate Loans is determined by reference to the LIBOR Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on LIBOR Rate Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 2.13(b) of this Agreement, such Section 2.13(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent will notify the Borrower, pursuant to Section 2.13, in advance of any change to the reference rate upon which the interest rate on LIBOR Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBOR Rate" or with respect to any alternative or successor rate thereto, or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.13(b), will be similar to, or produce the same value or economic equivalence of, the LIBOR Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

ARTICLE II

THE LOANS; AMOUNT AND TERMS

Section 2.1 Revolving Loans.

(a) **Revolving Commitment.** During the Commitment Period, subject to the terms and conditions hereof, each Revolving Lender severally, but not jointly, shall make revolving credit loans in Dollars ("**Revolving Loans**") to the Borrower from time to time in an aggregate principal amount not at any time exceeding the total of Revolving Commitments of all the Lenders, which amount on the Closing Date shall equal **TWO BILLION DOLLARS (\$2,000,000,000)** (as increased from time to time as provided in Section 2.22 and as such aggregate maximum amount may be reduced from time to time as provided in Section 2.6, the "**Revolving Committed Amount**") for the purposes hereinafter set forth (the "**Revolving Facility**"); provided, however, that (i) with regard to each Revolving Lender individually, the sum of such Revolving Lender's Revolving Commitment Percentage of the aggregate principal amount of outstanding Revolving Loans plus such Revolving Lender's Revolving Commitment Percentage of the outstanding principal amount of the LOC Obligations shall not exceed such Revolving Lender's Revolving Commitment and (ii) with regard to the Revolving Lenders collectively, the sum of the aggregate principal amount of outstanding Revolving Loans plus the aggregate principal amount of outstanding LOC Obligations shall not exceed the Revolving Committed Amount then in effect. Revolving Loans may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof; provided, however, the Revolving Loans made on the Closing Date or any of the three (3) Business Days following the Closing Date, may only consist of Alternate Base Rate Loans unless the Borrower delivers a funding indemnity letter, substantially in the form of Exhibit 2.1(a), reasonably acceptable to the Administrative Agent on or before the Closing Date, in which case LIBOR Rate Loans are available to the Borrower. LIBOR Rate Loans shall be made by each Revolving Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office.

(b) Revolving Loan Borrowings.

(i) Notice of Borrowing. The Borrower shall request a Revolving Loan borrowing by delivering a written Notice of Borrowing (or telephone notice promptly confirmed in writing by delivery of a written Notice of Borrowing, which delivery may be by fax) to the Administrative Agent not later than 2:00 p.m. on the Business Day of the requested borrowing in the case of Alternate Base Rate Loans, and on the third Business Day prior to the date of the requested borrowing in the case of LIBOR Rate Loans. Each such Notice of Borrowing shall be irrevocable and shall specify (A) that a Revolving Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed and (D) whether the borrowing shall be comprised of Alternate Base Rate Loans, LIBOR Rate Loans or a combination thereof, and if LIBOR Rate Loans are requested, the Interest Period(s) therefor. If the Borrower shall fail to specify in any such Notice of Borrowing (1) an applicable Interest Period in the case of a LIBOR Rate Loan, then such notice shall be deemed to be a request for an Interest Period of one month, or (2) the Type of Revolving Loan requested, then such notice shall be deemed to be a request for an Alternate Base Rate Loan hereunder. The Administrative Agent shall give notice to each Revolving Lender promptly upon receipt of each Notice of Borrowing, the contents thereof and each such Revolving Lender's share thereof.

(ii) Minimum Amounts. Each Revolving Loan that is made as an Alternate Base Rate Loan shall be in a minimum aggregate amount of \$1,000,000 and in integral multiples of \$500,000 in excess thereof (or the remaining amount of the Revolving Committed Amount, if less). Each Revolving Loan that is made as a LIBOR Rate Loan shall be in a minimum aggregate amount of \$1,000,000 and in integral multiples of \$500,000 in excess thereof (or the remaining amount of the Revolving Committed Amount, if less).

(iii) Advances. Each Revolving Lender will make its Revolving Commitment Percentage of each Revolving Loan borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 9.2, or at such other office as the Administrative Agent may designate in writing, by 1:00 P.M. (or in the case of a borrowing of Alternative Base Rate Loans by 3:00 P.M.) on the date specified in the applicable Notice of Borrowing, in Dollars and in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent by crediting the account of the Borrower on the books of such office (or such other account that the Borrower may designate in writing to the Administrative Agent) with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

(c) Repayment. Subject to the terms of this Agreement, Revolving Loans may be borrowed, repaid and reborrowed during the Commitment Period. The principal amount of all Revolving Loans shall be due and payable in full on the Maturity Date, unless accelerated sooner pursuant to Section 7.2. The Borrower shall have the right to repay Revolving Loans in whole or in part from time to time in accordance with Section 2.7.

(d) Interest. Subject to the provisions of Section 2.8, Revolving Loans shall bear interest as follows:

(i) Alternate Base Rate Loans. During such periods as any Revolving Loans shall be composed of Alternate Base Rate Loans, each such Alternate Base Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate plus the Applicable Margin; and

(ii) LIBOR Rate Loans. During such periods as Revolving Loans shall be composed of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate plus the Applicable Margin.

Interest on Revolving Loans shall be payable in arrears on each Interest Payment Date.

(e) Revolving Notes; Covenant to Pay. The Borrower's obligation to pay each Revolving Lender shall be evidenced by this Agreement and, upon such Revolving Lender's request, by a duly executed promissory note of the Borrower to such Revolving Lender in substantially the form of Exhibit 2.1(c). The Borrower covenants and agrees to pay the Revolving Loans in accordance with the terms of this Agreement.

Section 2.2 [Reserved].

Section 2.3 Letter of Credit Subfacility.

(a) Issuance. Subject to the terms and conditions hereof and of the LOC Documents, if any, and any other terms and conditions which the Issuing Lenders may reasonably require, during the Commitment Period each Issuing Lender shall issue, and the Revolving Lenders shall participate in, Letters of Credit for the account of the Borrower from time to time upon request in a form acceptable to the applicable Issuing Lender; provided, however, that (i) the aggregate principal amount of LOC Obligations shall not at any time exceed **THIRTY-SEVEN MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$37,500,000)** (the "LOC Committed Amount"), (ii) the sum of the aggregate principal amount of outstanding Revolving Loans plus the aggregate principal amount of outstanding LOC Obligations shall not at any time exceed the Revolving Committed Amount then in effect, (iii) no Issuing Lender will be required to issue Letters of Credit in an aggregate amount in excess of such Issuing Lender's Issuing Lender Sublimit, (iv) all Letters of Credit shall be denominated in Dollars and (v) Letters of Credit shall be issued for any lawful corporate purposes and may be issued as standby letters of credit, including in connection with workers' compensation and other insurance programs and commercial letters of credit. Except as otherwise expressly agreed upon by all the Revolving Lenders, no Letter of Credit shall have an original expiry date more than twelve (12) months from the date of issuance; provided, however, so long as no Default or Event of Default has occurred and is continuing and subject to the other terms and conditions to the issuance of Letters of Credit hereunder, the expiry dates of Letters of Credit may be extended annually or periodically from time to time on the request of the Borrower or by operation of the terms of the applicable Letter of Credit to a date not more than twelve (12) months from the date of extension; provided, further, that no Letter of Credit, as originally issued or as extended, shall have an expiry date extending beyond the date that is thirty (30) days prior to the Maturity Date. Each Letter of Credit shall comply with the related LOC Documents. The issuance and expiry date of each Letter of Credit shall be a Business Day. Each Letter of Credit issued hereunder shall be in a minimum original face amount of \$100,000 or such lesser amount as approved by the applicable Issuing Lender. The Borrower's Reimbursement Obligations in respect of each Existing Letter of Credit, and each Revolving Lender's participation obligations in connection therewith, shall be governed by the terms of this Credit Agreement. The Existing Letters of Credit shall, as of the Closing Date, be deemed to have been issued as Letters of Credit hereunder and subject to and governed by the terms of this Agreement.

(b) Notice and Reports. The request for the issuance of a Letter of Credit shall be submitted to the applicable Issuing Lender at least five (5) Business Days prior to the requested date of issuance. The applicable Issuing Lender will promptly upon request provide to the Administrative Agent for dissemination to the Revolving Lenders a detailed report specifying the Letters of Credit which are then issued by such Issuing Lender and outstanding and any activity with respect thereto which may have occurred since the date of any prior report, and including therein, among other things, the account party, the beneficiary, the face amount, expiry date as well as any payments or expirations which may have occurred. Each Issuing Lender will further provide to the Administrative Agent promptly upon request copies of the Letters of Credit. Each Issuing Lender will provide to the Administrative Agent promptly upon request a summary report of the nature and extent of LOC Obligations then outstanding.

(c) Participations. Each Revolving Lender, (i) on the Closing Date with respect to each Existing Letter of Credit and (ii) upon issuance of a Letter of Credit, shall be deemed to have purchased without recourse a risk participation from the applicable Issuing Lender in such Letter of Credit and the obligations arising thereunder, in each case in an amount equal to its Revolving Commitment Percentage of the obligations under such Letter of Credit and shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the applicable Issuing Lender therefor and discharge when due, its Revolving Commitment Percentage of the obligations arising under such Letter of Credit; provided that any Person that becomes a Revolving Lender after the Closing Date shall be deemed to have purchased a Participation Interest in all outstanding Letters of Credit on the date it becomes a Lender hereunder and any Letter of Credit issued on or after such date, in each case in accordance with the foregoing terms. Without limiting the scope and nature of each Revolving Lender's

participation in any Letter of Credit, to the extent that the applicable Issuing Lender has not been reimbursed as required hereunder or under any LOC Document, each such Revolving Lender shall pay to such Issuing Lender its Revolving Commitment Percentage of such unreimbursed drawing in same day funds pursuant to and in accordance with the provisions of subsection (d) hereof. The obligation of each Revolving Lender to so reimburse the Issuing Lenders shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Borrower to reimburse the Issuing Lenders under any Letter of Credit, together with interest as hereinafter provided.

(d) **Reimbursement.** In the event of any drawing under any Letter of Credit, the applicable Issuing Lender will promptly notify the Borrower and the Administrative Agent. The Borrower shall reimburse the applicable Issuing Lender on the day of drawing under any Letter of Credit if notified prior to 3:00 P.M. on a Business Day or, if after 3:00 P.M., on the following Business Day (either with the proceeds of a Revolving Loan obtained hereunder or otherwise) in same day funds as provided herein or in the LOC Documents. If the Borrower shall fail to reimburse the Issuing Lenders as provided herein, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the Default Rate. Unless the Borrower shall immediately notify the applicable Issuing Lender and the Administrative Agent of its intent to otherwise reimburse such Issuing Lender, the Borrower shall be deemed to have requested a Mandatory LOC Borrowing (as defined in Section 2.3(e)) in the amount of the drawing as provided in subsection (e) hereof, the proceeds of which will be used to satisfy the Reimbursement Obligations. The Borrower's Reimbursement Obligations hereunder shall be absolute and unconditional under all circumstances irrespective of any rights of set-off, counterclaim or defense to payment the Borrower may claim or have against the Issuing Lenders, the Administrative Agent, the Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including, without limitation, any defense based on any failure of the Borrower to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit. Each Issuing Lender will promptly notify the other Revolving Lenders of the amount of any unreimbursed drawing and each Revolving Lender shall promptly pay to the Administrative Agent for the account of such Issuing Lender, in Dollars and in immediately available funds, the amount of such Revolving Lender's Revolving Commitment Percentage of such unreimbursed drawing. Such payment shall be made on the Business Day such notice is received by such Revolving Lender from the applicable Issuing Lender if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before noon on the Business Day next succeeding the Business Day such notice is received. If such Revolving Lender does not pay such amount to the applicable Issuing Lender in full upon such request, such Revolving Lender shall, on demand, pay to the Administrative Agent for the account of such Issuing Lender interest on the unpaid amount during the period from the date of such drawing until such Revolving Lender pays such amount to such Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Effective Rate and thereafter at a rate equal to the Alternate Base Rate. Each Revolving Lender's obligation to make such payment to the Issuing Lenders, and the right of the Issuing Lenders to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the Obligations hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) **Repayment with Revolving Loans.** On any day on which the Borrower shall have requested, or been deemed to have requested, a Revolving Loan to reimburse a drawing under a Letter of Credit, the Administrative Agent shall give notice to the Revolving Lenders that a Revolving Loan has been requested or deemed requested in connection with a drawing under a Letter of Credit, in which case a Revolving Loan borrowing comprised entirely of Alternate Base Rate Loans (each such borrowing, a "Mandatory LOC Borrowing") shall be made (without giving effect to any termination of the Commitments pursuant to Section 7.2) pro rata based on each Revolving Lender's respective Revolving Commitment Percentage (determined before giving effect to any termination of the Commitments pursuant to Section 7.2) and the proceeds thereof shall be paid directly to the applicable Issuing Lender for application to the respective LOC Obligations. Each Revolving Lender hereby irrevocably agrees to make such Revolving Loans on the day such notice is received by the Revolving Lenders from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before noon on the Business Day next succeeding the day such notice is received, in each case notwithstanding (i) the amount of Mandatory LOC Borrowing may not comply with the minimum amount for borrowings of Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 4.2 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) failure for any such request or deemed

request for Revolving Loan to be made by the time otherwise required in Section 2.1(b), (v) the date of such Mandatory LOC Borrowing, or (vi) any reduction in the Revolving Committed Amount after any such Letter of Credit may have been drawn upon. In the event that any Mandatory LOC Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the occurrence of a Bankruptcy Event), then each such Revolving Lender hereby agrees that it shall forthwith fund its Participation Interests in the outstanding LOC Obligations on the Business Day such notice to fund is received by such Revolving Lender from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before 12:00 Noon on the Business Day next succeeding the Business Day such notice is received; provided, further, that in the event any Revolving Lender shall fail to fund its Participation Interest as required herein, then the amount of such Revolving Lender's unfunded Participation Interest therein shall automatically bear interest payable by such Revolving Lender to the Administrative Agent for the account of the Issuing Lenders upon demand, at the rate equal to, if paid within two (2) Business Days of such date, the Federal Funds Effective Rate, and thereafter at a rate equal to the Alternate Base Rate.

(f) Modification, Extension. The issuance of any supplement, modification, amendment, renewal, or extension to any Letter of Credit shall, for purposes hereof, be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(g) ISP98 and UCP. Unless otherwise expressly agreed by the applicable Issuing Lender and the Borrower, when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998," published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of The Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial Letter of Credit.

(h) Conflict with LOC Documents. In the event of any conflict between this Agreement and any LOC Document (including any letter of credit application and any LOC Documents relating to the Existing Letters of Credit), this Agreement shall control.

(i) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, including, without limitation, Section 2.3(a), a Letter of Credit issued hereunder may contain a statement to the effect that such Letter of Credit is issued for the account of a Subsidiary of the Borrower; provided that, notwithstanding such statement, the Borrower shall be the actual account party for all purposes of this Agreement for such Letter of Credit and such statement shall not affect the Borrower's Reimbursement Obligations hereunder with respect to such Letter of Credit.

(j) Cash Collateral. At any point in time in which there is a Defaulting Lender, the Issuing Lenders may require the Borrower to Cash Collateralize the LOC Obligations pursuant to Section 2.20.

(k) Resignation of Issuing Lender. An Issuing Lender may resign by giving 30 days' prior written notice to each of the Administrative Agent, the Borrower and the Revolving Lenders in the event that such Person and its Affiliates no longer hold any Revolving Commitments; provided that no such resignation shall be effective if there shall not be one or more other Issuing Lender (or Revolving Lenders willing to become an Issuing Lender) (each, a "Successor Issuing Lender") at such time that will provide a LOC Commitment (or in the case of existing Issuing Lenders, that will increase its LOC Commitment) in an amount not less than such resigning Issuing Lender's Issuing Lender Sublimit. Notwithstanding the foregoing, no such resignation shall be effective if it results (after giving effect to the proviso of the immediately preceding sentence) in a decrease in the LOC Committed Amount then in effect. The acceptance of any appointment as an Issuing Lender hereunder by a Successor Issuing Lender shall be evidenced by an agreement entered into by such resigning Issuing Lender and Successor Issuing Lender, in a form satisfactory to the Borrower and the Administrative Agent (each, a "Successor Issuing Lender Agreement"). Upon the acceptance of any appointment as an Issuing Lender hereunder and the effectiveness of the applicable Successor Issuing Lender Agreement, (i) such Successor Issuing Lender shall succeed to and become vested with all of the rights, powers, privileges and duties of the resigning Issuing Lender in its capacity as a resigning Issuing Lender, (ii) such resigning Issuing Lender shall be discharged from all of its respective duties and obligations hereunder or under the other Credit Documents, and (iii) the Successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other

arrangements satisfactory to the resigning Issuing Lender and the Borrower to effectively assume the obligations of such resigning Issuing Lender with respect to such Letters of Credit. Such resignation shall not affect the validity or effectiveness of any Letter of Credit issued prior to such resignation by the resigning Issuing Lender. At the time such resignation of an Issuing Bank shall become effective, the Borrower shall pay all accrued and unpaid Letter of Credit Facing Fees to such resigning Issuing Bank.

Section 2.4 [Reserved].

Section 2.5 Fees.

(a) Unused Commitment Fee. Subject to Section 2.21, in consideration of the Revolving Commitments, the Borrower agrees to pay to the Administrative Agent, for the ratable benefit of the Revolving Lenders, a commitment fee (the "Unused Commitment Fee") at an annual rate equal to the Applicable Margin multiplied by the average daily unused amount of the Revolving Committed Amount. For purposes of computation of the Unused Commitment Fee, LOC Obligations shall be considered usage of the Revolving Committed Amount. The Unused Commitment Fee shall be calculated by the Administrative Agent and shall be payable by the Borrower quarterly in arrears on the last Business Day of each calendar quarter.

(b) Letter of Credit Fees. Subject to Section 2.21, in consideration of the LOC Commitments, the Borrower agrees to pay to the Administrative Agent, for the ratable benefit of the Revolving Lenders, a fee (the "Letter of Credit Fee") equal to the Applicable Margin for Revolving Loans that are LIBOR Rate Loans per annum on the average daily maximum amount available to be drawn under each Letter of Credit from the date of issuance to the date of expiration. The Letter of Credit Fee shall be calculated by the Administrative Agent and shall be payable by the Borrower quarterly in arrears on the last Business Day of each calendar quarter.

(c) Issuing Lender Fees. In addition to the Letter of Credit Fees payable pursuant to subsection (b) hereof, the Borrower shall pay to each Issuing Lender for its own account without sharing by the other Lenders the reasonable and customary charges from time to time of such Issuing Lender with respect to the amendment, transfer, administration, cancellation and conversion of, and drawings under, the Letters of Credit issued by such Issuing Lender (collectively, the "Issuing Lender Fees"). Each Issuing Lender may charge, and retain for its own account without sharing by the other Lenders, an additional facing fee (the "Letter of Credit Facing Fee") of 0.125% per annum on the average daily maximum amount available to be drawn under each such Letter of Credit issued by it. The Issuing Lender Fees and the Letter of Credit Facing Fee shall be calculated by the Administrative Agent and shall be payable by the Borrower quarterly in arrears on the last Business Day of each calendar quarter.

(d) Administrative Fee. The Borrower agrees to pay to the Administrative Agent the annual administrative fee as described in its Fee Letter.

Section 2.6 Revolving Commitment Reductions.

(a) Voluntary Reductions. The Borrower shall have the right to terminate or permanently reduce the unused portion of the Revolving Committed Amount at any time or from time to time subject to Section 2.15 but otherwise without premium or penalty upon not less than five (5) Business Days' prior written notice to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable) of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction which shall be in a minimum amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof and shall be irrevocable and effective upon receipt by the Administrative Agent; provided that no such reduction or termination shall be permitted if after giving effect thereto, and to any prepayments of the Revolving Loans made on the effective date thereof, the sum of the aggregate principal amount of outstanding Revolving Loans plus the aggregate principal amount of outstanding LOC Obligations would exceed the Revolving Committed Amount then in effect; provided, further that such notice may be conditioned upon the effectiveness of other credit facilities or the consummation of a transaction, the proceeds of which shall be used to repay the Obligations in connection with any such termination, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition or conditions are not satisfied.

(b) LOC Committed Amount. If the Revolving Committed Amount is reduced below the then current LOC Committed Amount, the LOC Committed Amount shall automatically be reduced by an amount such that the LOC Committed Amount equals the Revolving Committed Amount.

(c) Maturity Date. The Revolving Commitments and the LOC Commitment shall automatically terminate on the Maturity Date.

Section 2.7 Repayments.

(a) Optional Repayments. The Borrower shall have the right to repay Loans in whole or in part from time to time; provided, however, that each partial repayment of (i) Alternate Base Rate Loans shall be in a minimum principal amount of \$1,000,000 and integral multiples of \$500,000 in excess thereof (or the remaining outstanding principal amount), (ii) LIBOR Rate Loans shall be in a minimum principal amount of \$1,000,000 and integral multiples of \$500,000 in excess thereof (or the remaining outstanding principal amount). The Borrower shall give three (3) Business Days' irrevocable notice of repayment in the case of LIBOR Rate Loans and same-day irrevocable notice on any Business Day in the case of Alternate Base Rate Loans, to the Administrative Agent (which shall notify the applicable Lenders thereof as soon as practicable); provided, that such notice may be conditioned upon the effectiveness of other credit facilities or the consummation of a transaction, the proceeds of which shall be used to repay the Loans in full or in part, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition or conditions are not satisfied. Within the foregoing parameters, repayments under this Section shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All repayments under this Section shall be subject to Section 2.15, but otherwise without premium or penalty. Interest on the principal amount repaid shall be payable on the next occurring Interest Payment Date that would have occurred had such loan not been repaid or, at the request of the Administrative Agent, interest on the principal amount repaid shall be payable on any date that a repayment is made hereunder through the date of repayment.

(b) Mandatory Repayments.

(i) Revolving Committed Amount. If at any time after the Closing Date, the sum of the aggregate principal amount of outstanding Revolving Loans plus the aggregate principal amount of outstanding LOC Obligations shall exceed the Revolving Committed Amount, the Borrower shall immediately repay the Revolving Loans or (after all Revolving Loans have been repaid) Cash Collateralize the LOC Obligations in an amount sufficient to eliminate such excess (such repayment to be applied as set forth in clause (ii) below) and on terms and conditions reasonably satisfactory to the Administrative Agent.

(ii) Application of Mandatory Repayments. All amounts required to be paid pursuant to this Section shall be applied (1) *first* to the outstanding Revolving Loans and (2) *second* to Cash Collateralize the LOC Obligations.

Within the parameters of the applications set forth above, repayments shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All repayments under this Section shall be subject to Section 2.15 and be accompanied by interest on the principal amount repaid through the date of repayment, but otherwise without premium or penalty.

(c) Bank Products Unaffected. Any repayment made pursuant to this Section shall not affect the Borrower's obligation to continue to make payments under any Bank Product, which shall remain in full force and effect notwithstanding such repayment, subject to the terms of such Bank Product.

Section 2.8 Default Rate and Payment Dates.

(a) If all or a portion of the principal amount of any Loan which is a LIBOR Rate Loan shall not be paid when due or continued as a LIBOR Rate Loan in accordance with the provisions of Section 2.9 (whether at the stated maturity, by acceleration or otherwise), such overdue principal amount of such Loan shall be converted to an Alternate Base Rate Loan at the end of the Interest Period applicable thereto.

(b) Upon the occurrence, and during the continuance, of any Event of Default hereunder, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall bear interest, payable on demand, at a per annum rate which is equal to the Default Rate.

(c) Interest on each Loan shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (b) of this Section shall be payable from time to time on demand.

Section 2.9 Conversion Options.

(a) The Borrower may elect from time to time to convert Alternate Base Rate Loans to LIBOR Rate Loans or to continue LIBOR Rate Loans, by delivering a Notice of Conversion/Extension to the Administrative Agent at least three (3) Business Days prior to the proposed date of conversion or continuation. In addition, the Borrower may elect from time to time to convert all or any portion of a LIBOR Rate Loan to an Alternate Base Rate Loan by giving the Administrative Agent irrevocable written notice thereof by 11:00 A.M. one (1) Business Day prior to the proposed date of conversion. If the date upon which an Alternate Base Rate Loan is to be converted to a LIBOR Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such Loan shall bear interest as if it were an Alternate Base Rate Loan. LIBOR Rate Loans may only be converted to Alternate Base Rate Loans on the last day of the applicable Interest Period. If the date upon which a LIBOR Rate Loan is to be converted to an Alternate Base Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such Loan shall bear interest as if it were an Alternate Base Rate Loan. All or any part of outstanding Alternate Base Rate Loans may be converted as provided herein; provided that (i) no Loan may be converted into a LIBOR Rate Loan when any Default or Event of Default has occurred and is continuing and (ii) partial conversions shall be in an aggregate principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof. All or any part of outstanding LIBOR Rate Loans may be converted as provided herein; provided that partial conversions shall be in an aggregate principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof.

(b) Any LIBOR Rate Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Borrower with the notice provisions contained in Section 2.9(a); provided, that no LIBOR Rate Loan may be continued as such when any Default or Event of Default has occurred and is continuing, in which case such Loan shall be automatically converted to an Alternate Base Rate Loan at the end of the applicable Interest Period with respect thereto. If the Borrower shall fail to give timely notice of an election to continue a LIBOR Rate Loan, or the continuation of LIBOR Rate Loans is not permitted hereunder, such LIBOR Rate Loans shall be automatically converted to Alternate Base Rate Loans at the end of the applicable Interest Period with respect thereto.

Section 2.10 Computation of Interest and Fees; Usury.

(a) Interest payable hereunder with respect to any Alternate Base Rate Loan based on the Prime Rate shall be calculated on the basis of a year of three hundred sixty-five (365) days (or three hundred sixty-six (366) days, as applicable) for the actual days elapsed. All other fees, interest and all other amounts payable hereunder shall be calculated on the basis of a three hundred sixty (360) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a LIBOR Rate on the Business Day of the determination thereof. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate shall become effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the computations used by the Administrative Agent in determining any interest rate.

(c) It is the intent of the Lenders and the Credit Parties to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between the Lenders and the Credit Parties are hereby limited by the provisions of this subsection which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including, but not limited to, prepayment or acceleration of the maturity of any Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Agreement, under the Notes or otherwise, exceed the maximum nonusurious amount permissible under applicable law. If, from any possible construction of any of the Credit Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this paragraph and such interest shall be automatically reduced to the maximum nonusurious amount permitted under applicable law, without the necessity of execution of any amendment or new document. If any Lender shall ever receive anything of value which is characterized as interest on the Loans under applicable law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loans and not to the payment of interest, or refunded to the Borrower or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loans. The right to demand payment of the Loans or any other Indebtedness evidenced by any of the Credit Documents does not include the right to receive any interest which has not otherwise accrued on the date of such demand, and the Lenders do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders with respect to the Loans shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loans so that the amount of interest on account of such Indebtedness does not exceed the maximum nonusurious amount permitted by applicable law.

Section 2.11 Pro Rata Treatment and Payments.

(a) Allocation of Payments Prior to Exercise of Remedies. Each borrowing of Revolving Loans and any reduction of the Revolving Commitments shall be made pro rata according to the respective Revolving Commitment Percentages of the Revolving Lenders. Unless otherwise required by the terms of this Agreement, each payment under this Agreement or any Note shall be applied, first, to any fees then due and owing by the Borrower pursuant to Section 2.5, second, to interest then due and owing hereunder and under the Notes of the Borrower and, third, to principal then due and owing hereunder and under the Notes of the Borrower. Each payment on account of any fees pursuant to Section 2.5 shall be made pro rata in accordance with the respective amounts due and owing (except as to the Letter of Credit Facing Fees and the Issuing Lender Fees). Each payment or prepayment by the Borrower on account of principal of and interest on the Revolving Loans shall be applied to such Loans, as applicable, on a pro rata basis. Each mandatory prepayment on account of principal of the Loans as required by Section 2.7(b)(i) shall be applied in accordance with Section 2.7(b)(ii). All payments (including prepayments) to be made by the Borrower on account of principal, interest and fees shall be made without defense, set-off or counterclaim (except as provided in Section 2.16(b)) and shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent's office specified in Section 9.2 in Dollars and in immediately available funds not later than 1:00 P.M. on the date when due. The Administrative Agent shall distribute such payments to the Lenders entitled thereto promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the LIBOR Rate Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a LIBOR Rate Loan becomes due and payable on a day other than a Business Day, such payment date shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Allocation of Payments After Exercise of Remedies. Notwithstanding any other provisions of this Agreement to the contrary, after the exercise of remedies (other than the invocation of default interest pursuant to Section 2.8) by the Administrative Agent or the Lenders pursuant to Section 7.2 (or after the Commitments shall automatically terminate and the Loans (with accrued interest thereon) and all other amounts under the Credit Documents (including, without limitation, the maximum amount of all contingent liabilities under Letters of Credit) shall automatically become due and payable in accordance with the terms of such Section), all amounts collected or received by the Administrative Agent or any Lender on account of the Credit Party Obligations or any other amounts outstanding under any of the Credit Documents shall be paid over or delivered as follows (irrespective of whether the following costs, expenses, fees, interest, premiums, scheduled periodic payments or Credit Party Obligations are allowed, permitted or recognized as a claim in any proceeding resulting from the occurrence of a Bankruptcy Event):

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Credit Documents;

SECOND, to the payment of any fees owed to the Administrative Agent and the Issuing Lenders;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable and documented attorneys' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Credit Party Obligations owing to such Lender to the extent due and payable by any Credit Party pursuant to Section 9.5;

FOURTH, to the payment of all of the Credit Party Obligations consisting of accrued fees and interest, and including, with respect to any Bank Product, any fees, premiums and scheduled periodic payments due under such Bank Product (other than payments on account of principal) and any interest accrued thereon;

FIFTH, to the payment of the outstanding principal amount of the Credit Party Obligations and the payment or Cash Collateralization of the outstanding LOC Obligations, and including with respect to any Bank Product, any breakage, termination or other payments due under such Bank Product;

SIXTH, to all other Credit Party Obligations and other obligations which shall have become due and payable under the Credit Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (b) each of the Lenders and any Bank Product Provider shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Loans and LOC Obligations held by such Lender or the outstanding obligations payable to such Bank Product Provider bears to the aggregate then outstanding Loans and LOC Obligations and obligations payable under all Bank Products) of amounts available to be applied pursuant to clauses "THIRD," "FOURTH," "FIFTH" and "SIXTH" above; and (c) to the extent that any amounts available for distribution pursuant to clause "FIFTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent in a Cash Collateral account and applied (i) first, to reimburse the applicable Issuing Lenders from time to time for any drawings under such Letters of Credit and (ii) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses "FIFTH" and "SIXTH" above in the manner provided in this Section. Notwithstanding the foregoing terms of this Section, (x) only payments under the Guaranty (as opposed to ordinary course principal, interest and fee payments hereunder) shall be applied to obligations under any Bank Product and (y) Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or its assets, but appropriate adjustments shall be made with respect to payments from other Credit Parties to preserve the allocation to Credit Party Obligations otherwise set forth above in this Section.

Section 2.12 Non-Receipt of Funds by the Administrative Agent.

(a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received written notice from a Lender prior to the proposed time of any Extension of Credit that such Lender will not make available to the Administrative Agent such Lender's share of such Extension of Credit, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with this Agreement and may, in reliance upon such assumption, make available to the Borrower a corresponding

amount. In such event, if a Lender has not in fact made its share of the applicable Extension of Credit available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Alternate Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Extension of Credit to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Extension of Credit. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lenders, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Lenders, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under subsections (a) and (b) of this Section shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Extension of Credit set forth in Article IV are not satisfied or waived in accordance with the terms thereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Revolving Loans, to fund participations in Letters of Credit and to make payments pursuant to Section 9.5(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any such payment under Section 9.5(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 9.5(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Section 2.13 Alternate Rate of Interest.

(a) If prior to the commencement of any Interest Period for a LIBOR Rate Loan:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBOR Rate (including, without limitation, because the LIBO Screen Rate is not available or published on a current basis), for Dollars and such Interest Period; or

(ii) the Administrative Agent is advised by the Required Lenders that the LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or teletype, confirmed in writing, as promptly as practicable thereafter, and until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any Notice of Conversion/Extension submitted by Borrower during such period that requests the conversion of any Revolving Loan to, or continuation of any Revolving Loan as, a LIBOR Rate Loan, shall be ineffective.

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary in Section 9.1, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within ten (10) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.13(b), only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), any Notice of Borrowing or Notice of Conversion/Extension submitted by Borrower during such period that requests a Loan as, or the conversion of any Loans to, or continuation of any Loans as, a LIBOR Rate Loan shall be ineffective; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

Section 2.14 Yield Protection.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate) or any Issuing Lender;

(ii) subject any Recipient to any Taxes (other than Indemnified Taxes and Excluded Taxes) on or with respect to its loans, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital actually attributable thereto; or

(iii) impose on any Lender or any Issuing Lender or the London interbank market any other condition, cost or expense affecting this Agreement or LIBOR Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any LIBOR Rate Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, such Issuing Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, such Issuing Lender or other Recipient, the Borrower will pay to such Lender, such Issuing Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered. The agreements in this Section shall survive termination of this Agreement and payment of the Credit Party Obligations.

(b) Capital Requirements. If any Lender or any Issuing Lender determines that any Change in Law affecting such Lender or such Issuing Lender or any lending office of such Lender or such Lender' s or such Issuing Lender' s holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender' s or such Issuing Lender' s capital or on the capital of such Lender' s or such Issuing Lender' s holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the such Issuing Lender, to a level below that which such Lender or such Issuing Lender or such Lender' s or such Issuing Lender' s holding company could have achieved but for such Change in Law (taking into consideration such Lender' s or such Issuing Lender' s policies and the policies of such Lender' s or such Issuing Lender' s holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender or such Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender' s or such Issuing Lender' s holding company for any such reduction suffered.

(c) Certificates for Reimbursement. Subject to Section 2.14(d) below, each Lender and each Issuing Lender shall promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender or such Issuing Lender, as the case may be, to compensation pursuant to this Section. Any Lender or any Issuing Lender claiming compensation under this Section shall furnish to the Borrower and the Administrative Agent a certificate of such Lender or such Issuing Lender, as the case may be, setting forth the amount or amounts necessary to compensate such Lender or such Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section, which shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or any Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender' s or such Issuing Lender' s right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or an Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date such Lender or such Issuing Lender, as the case may be, notifies the Borrower in writing of the Change in Law giving rise to such increased costs or reductions, and of such Lender' s or such Issuing Lender' s intention to claim compensation therefore (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Notwithstanding any other provision of this Section 2.14, no Lender or Issuing Lender shall demand compensation for any increased costs under this Section 2.14 if it shall not be the general policy or practice of such Lender or such Issuing Lender to demand such compensation in similar circumstances and unless such demand is generally consistent with such Lender' s or such Issuing Lender' s, as applicable, treatment of comparable borrowers of such Lender or Issuing Lender in the United States with respect to similarly affected commitments or loans

Section 2.15 Indemnity.

The Credit Parties hereby agree to indemnify each Lender and to hold such Lender harmless from any actual funding loss or expense which such Lender may sustain or incur as a consequence of (a) the failure by the Borrower to pay the principal amount of or interest on any Loan by such Lender in accordance with the terms hereof, (b) the failure by the Borrower to accept a borrowing after the Borrower has given a notice in accordance with the terms hereof, (c) default by the Borrower in making any prepayment after the Borrower has given a notice in accordance with the terms hereof, (d) any assignment of a LIBOR Rate Loan on a day other than the last day of the interest Period therefore as a result of a request by the Borrower pursuant to Section 2.19 and/or (e) the making by the Borrower of a prepayment of a LIBOR Rate Loan, or the conversion thereof, on a day which is not the last day of the Interest Period with respect thereto, in each case including, but not limited to, any such loss or expense arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain its

LIBOR Rate Loans hereunder. A certificate setting forth in reasonable detail as to any additional amounts payable pursuant to this Section submitted by any Lender, through the Administrative Agent, to the Borrower (which certificate must be delivered to the Administrative Agent within thirty (30) days following such default, prepayment, conversion or assignment) shall be conclusive in the absence of manifest error. The agreements in this Section shall survive termination of this Agreement and payment of the Credit Party Obligations.

Section 2.16 Taxes.

(a) Payments Free of Taxes. Except as otherwise required by Requirements of Law, any and all payments by or on account of any obligation of any Credit Party hereunder or under any other Credit Document shall be made free and clear of and without reduction or withholding for any Taxes, provided that if any applicable withholding agent shall be required by applicable law to deduct any Taxes from such payments, then (i) if such Taxes are Indemnified Taxes (including any Other Taxes), the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the applicable Lender (or, in the case of payments made to the Administrative Agent for its own account, the Administrative Agent), receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable withholding agent shall make such deductions and (iii) the applicable withholding agent shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Requirements of Law.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Requirements of Law.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and each Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability (setting forth in reasonable detail the basis for such demand) delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of any Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders. Each Lender that is entitled to an exemption from or reduction of any applicable withholding Tax with respect to payments hereunder or under any other Credit Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Requirements of Law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by Requirements of Law as will permit such payments to be made without withholding or at a reduced rate of withholding. Each such Lender shall, whenever a lapse in time or change in circumstances renders any such documentation (including any specific documentation required below in Section 2.16(f)) obsolete, expired or inaccurate in any respect, deliver promptly to the Borrower and the Administrative Agent updated or other appropriate documentation (including any new documentation reasonably requested by the Borrower or the Administrative Agent) or promptly notify the Borrower and the Administrative Agent in writing of its legal ineligibility to do so. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Requirements of Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(f) Without limiting the generality of the foregoing,

(i) each U.S. Lender shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent) two duly completed originals of Internal Revenue Service Form W-9 certifying that such U.S. Lender is exempt from United States federal backup withholding.

(ii) each Foreign Lender shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(A) two duly completed originals of Internal Revenue Service Form W-8BEN or W-8BEN-E (or any successor forms) claiming eligibility for benefits of an income tax treaty to which the United States of America is a party,

(B) two duly completed originals of Internal Revenue Service Form W-8ECI (or any successor forms),

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (i) a certificate to the effect that such Foreign Lender is not (A) a “bank” within the meaning of section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code and that no payments in connection with any Credit Document are effectively connected with such Lender’s conduct of a United States trade or business (a “United States Tax Compliance Certificate”) and (ii) two duly completed originals of Internal Revenue Service Form W-8BEN or W-8BEN-E (or any successor forms),

(D) to the extent a Foreign Lender is not the beneficial owner of a Loan (for example, where the Foreign Lender is a partnership or a participating Lender), two duly completed originals of Internal Revenue Service Form W-8IMY (or any successor forms) of the Foreign Lender, accompanied by a Form W-8ECI, W-8BEN or W-8BEN-E, United States Tax Compliance Certificate, Form W-9, Form W-8IMY or any other required information (or any successor forms) from each beneficial owner that would be required under this Section 2.16(f) if such beneficial owner were a Lender, as applicable (provided that if the Foreign Lender is a partnership (and not a participating Lender) and one or more direct or indirect partners are claiming the portfolio interest exemption, the United States Tax Compliance Certificate may be provided by such Foreign Lender on behalf of such direct or indirect partner(s)), or

(E) any other form prescribed by Requirements of Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by Requirements of Law to permit the Borrower or Administrative Agent to determine the withholding or deduction required to be made.

(iii) If a payment made to a Lender under any Credit Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Requirements of Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Requirements of Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their FATCA obligations, to determine whether such Lender has or has not complied with such Lender’s FATCA obligations and to determine the amount, if any, to deduct and withhold from such payment; provided, however, that the Borrower shall have no obligation to request any documentation or take any other action to decrease any withholding obligation under FATCA.

(iv) Notwithstanding any other provision of Section 2.16(e) or this Section 2.16(f), a Lender shall not be required to deliver any documentation that such Lender is not legally eligible to deliver. Each Lender hereby authorizes the Administrative Agent to deliver to the Credit Parties and to any successor Administrative Agent any documentation provided by such Lender pursuant to these Sections 2.16(e) and (f).

(g) **Treatment of Certain Refunds.** If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by any Credit Party or with respect to which any Credit Party has paid additional amounts pursuant to this Section, it shall pay to such Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Credit Party under this Section 2.16 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that such Credit Party, upon the request of the Administrative Agent or such Lender shall repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(h) For the avoidance of doubt, the term “Lender” shall, for purposes of this Section 2.16, include any Issuing Lender.

Section 2.17 Indemnification: Nature of Issuing Lenders’ Duties.

(a) In addition to its other obligations under Section 2.3, the Credit Parties hereby agree to protect, indemnify, pay and save each Issuing Lender and each Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable and documented attorneys’ fees) that such Issuing Lender or such Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit or (ii) the failure of any Issuing Lender to honor a drawing under any Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority (all such acts or omissions, herein called “Government Acts”).

(b) As among the Credit Parties, each Issuing Lender and each Lender, the Credit Parties shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. In the absence of their gross negligence or willful misconduct, neither any Issuing Lender nor any Lender shall be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply fully with conditions required in order to draw upon a Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) for errors in interpretation of technical terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (vii) for any consequences arising from causes beyond the control of any Issuing Lender or any Lender, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lenders’ rights or powers hereunder.

(c) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by any Issuing Lender or any Lender, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in the absence of gross negligence or willful misconduct, shall not put such Issuing Lender or such Lender under any resulting liability to the Credit Parties. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify each Issuing Lender and each Lender against any and all risks involved in the issuance of the Letters of Credit, all of which risks are hereby

assumed by the Credit Parties, including, without limitation, any and all risks of the acts or omissions, whether rightful or wrongful, of any Government Authority. The Issuing Lenders and the Lenders shall not, in any way, be liable for any failure by the Issuing Lenders or anyone else to pay any drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lenders and the Lenders.

(d) Nothing in this Section is intended to limit the Reimbursement Obligation of the Borrower contained in Section 2.3(d) hereof. The obligations of the Credit Parties under this Section shall survive the termination of this Agreement. No act or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Issuing Lenders and the Lenders to enforce any right, power or benefit under this Agreement.

(e) Notwithstanding anything to the contrary contained in this Section, the Credit Parties shall have no obligation to indemnify any Issuing Lender or any Lender in respect of any liability incurred by such Issuing Lender or such Lender arising out of the gross negligence or willful misconduct of the Issuing Lenders (including action not taken by such Issuing Lender or such Lender), as determined by a court of competent jurisdiction or pursuant to arbitration.

Section 2.18 Illegality.

Notwithstanding any other provision of this Credit Agreement, if any Change in Law shall make it unlawful for such Lender or its LIBOR Lending Office to make or maintain LIBOR Rate Loans as contemplated by this Credit Agreement or to obtain in the interbank eurodollar market through its LIBOR Lending Office the funds with which to make such Loans, (a) such Lender shall promptly notify the Administrative Agent and the Borrower thereof, (b) the commitment of such Lender hereunder to make LIBOR Rate Loans or continue LIBOR Rate Loans as such shall forthwith be suspended until the Administrative Agent shall give notice that the condition or situation which gave rise to the suspension shall no longer exist, and (c) such Lender's Loans then outstanding as LIBOR Rate Loans, if any, shall be converted on the last day of the Interest Period for such Loans or within such earlier period as required by law as Alternate Base Rate Loans. The Borrower hereby agrees to promptly pay any Lender, upon its demand, any additional amounts necessary to compensate such Lender for actual and direct costs (but not including anticipated profits) reasonably incurred by such Lender in making any repayment in accordance with this Section including, but not limited to, any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. A certificate (which certificate shall include a description of the basis for the computation) as to any additional amounts payable pursuant to this Section submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office) to avoid or to minimize any amounts which may otherwise be payable pursuant to this Section; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender in its sole discretion to be material.

Section 2.19 Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.14, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 or 2.18, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14, Section 2.16 or Section 2.18, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. (i) If any Lender requests compensation under Section 2.14 or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 or Section 2.18 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.19(a) or (ii) if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the

Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.6), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.14, Section 2.16 or Section 2.18) and obligations under this Agreement and the related Credit Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(A) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 9.6;

(B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Section 2.15) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(C) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16 or Section 2.18, such assignment will result in a reduction in such compensation or payments thereafter;

(D) such assignment does not conflict with Requirements of Law; and

(E) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 2.20 Cash Collateral.

(a) Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent, the Issuing Lenders (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize all Fronting Exposure of the Issuing Lenders with respect to such Defaulting Lender (determined after giving effect to Section 2.21(a)(iv) and Section 2.21(b) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Lenders and the Lenders, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligations to which such Cash Collateral may be applied pursuant to clause (c) below. If at any time the Administrative Agent or any Issuing Lender determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure, the Borrower will, promptly upon demand by the Administrative Agent or such Issuing Lender, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section or Section 2.21 in respect of Letters of Credit, shall be held and applied to the satisfaction of the specific LOC Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall no longer be required to be held as Cash Collateral pursuant to this Section 2.20 and shall promptly be released to the Person providing such Cash Collateral following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent or any Issuing Lender that there exists excess Cash Collateral; provided that, subject to Section 2.21, the Person providing Cash Collateral and the applicable Issuing Lenders may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

Section 2.21 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 9.1.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.7 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lenders hereunder; *third*, to Cash Collateralize the Issuing Lenders' Fronting Exposure in accordance with Section 2.20; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Lenders' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement in accordance with Section 2.20; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender or by any Issuing Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Loans or LOC Obligations in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LOC Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LOC Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in LOC Obligations are held by the Lenders pro rata in accordance with the Commitments under the applicable facility without giving effect to Section 2.21(a) (iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.21(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) Unused Commitment Fees. No Defaulting Lender shall be entitled to receive any Unused Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Letter of Credit Fees. Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Revolving Commitment Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant Section 2.20.

(C) Reallocation of Fees. With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in LOC Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Lender, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LOC Obligations shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Revolving Commitment Percentage (calculated without regard to such Defaulting Lender's Revolving Commitment) but only to the extent that (x) the conditions set forth in Section 4.2 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) such reallocation does not cause the aggregate Committed Funded Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Commitment. Subject to Section 9.27, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, Cash Collateralize the Issuing Lenders' Fronting Exposure in accordance with the procedures set forth in Section 2.20.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent and the Issuing Lenders agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Lenders in accordance with their Revolving Commitment Percentages (without giving effect to Section 2.21(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Letters of Credit. So long as any Lender is a Defaulting Lender, no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is reasonably satisfied that it will have no Fronting Exposure after giving effect thereto.

Section 2.22 Incremental Facilities.

(a) Subject to the terms and conditions set forth herein and so long as no Default or Event of Default has occurred and is continuing, the Borrower shall have the right, at any time and from time to time prior to the Maturity Date, to incur additional Indebtedness under this Credit Agreement in the form of (i) one or more increases to the Revolving Committed Amount (each an "Increased Revolver Commitment") which shall constitute one and the same Facility as the existing Revolving Commitments or (ii) one or more commitments (each, an "Incremental Facility Commitment", and together with the Increased Revolver Commitments, the "Incremental Commitments") for term loan facilities which shall constitute a new Facility as provided in 2.22(d) below (an "Incremental Facility," and the loans thereunder, "Incremental Loans"), up to a maximum aggregate amount of Incremental Commitments not to exceed \$400,000,000; provided that, if the Collateral Event has occurred, the aggregate amount of all Incremental Commitments shall not exceed at the time any such Incremental Commitments are entered into the greater of (x) \$400,000,000 and (y) an amount such that, on a Pro Forma Basis after giving effect to such Incremental Commitments (and assuming such Incremental Commitments are fully drawn and/or funded, as applicable, and applied for the purpose intended) the Consolidated Net Leverage Ratio does not exceed 3.00 to 1.00.

(b) The following terms and conditions shall apply to each Increased Revolver Commitment: (i) Obligations thereunder shall constitute Credit Party Obligations and will be guaranteed (and secured, to the extent applicable) with the other Credit Party Obligations on a pari passu basis and will not be guaranteed by any obligor or secured by any assets that do not guarantee or secure, respectively, the Credit Party Obligations, (ii) each Increased Revolver Commitment shall have the same terms (including interest rate and maturity date but other than with respect to any upfront fees) as the existing Revolving Commitments, (iii) each Increased Revolver Commitment shall be entitled to the same voting rights as the existing Revolving Commitments, voting as one class, and shall be entitled to receive a pro rata share of proceeds of prepayments on the same basis as the existing Revolving Loans and shall be considered an increase to the existing Revolving Commitments, (iv) each Increased Revolver Commitment shall be obtained from existing Lenders or from other banks, financial institutions or Funds, in each case in accordance with the terms set forth below, (v) the proceeds of all Loans thereunder will be used for the purposes set forth in Section 3.11, (vi) the Borrower shall execute a Note in favor of any new Lender or any existing Lender requesting a Note whose Revolving Commitment is increased, (vii) on the effective date of each such increase, the conditions to Extensions of Credit in Section 4.2 shall have been satisfied, (viii) each such Increased Revolver Commitment shall be in a minimum amount of \$5,000,000 (and \$1,000,000 increments in excess thereof), and (ix) the Administrative Agent shall have received from the Borrower (A) resolutions, legal opinions and other corporate authority documents reasonably requested by the Administrative Agent, substantially the same in form and substance as those delivered on the Closing Date pursuant to Section 4.1 and (B) updated financial projections and an officer's certificate, in each case in form and substance reasonably satisfactory to the Administrative Agent, demonstrating that, after giving effect to such Increased Revolver Commitment and any borrowings thereunder and the application thereof on a Pro Forma Basis, the Credit Parties will be in compliance with the financial covenants set forth in Section 5.9 (and, if the Collateral Event has occurred, the condition in the proviso set forth in Section 2.22(a)) and no Default or Event of Default shall exist. Any new banks, financial institutions and Funds that become Revolving Lenders that were not previously Lenders hereunder shall enter into such joinder agreements to give effect thereto as the Administrative Agent may reasonably request. In connection with the closing of any Increased Revolver Commitment, the outstanding Revolving Loans and Participation Interests shall be reallocated by causing such fundings and repayments (which shall not be subject to any processing and/or recordation fees) among the Revolving Lenders (with the Borrower responsible for any costs arising under Section 2.15 resulting from such reallocation and repayments) of Revolving Loans as necessary such that, after giving effect to such Increased Revolver Commitments, each Revolving Lender will hold Revolving Loans and Participation Interests based on its Revolving Commitment Percentage (after giving effect to such Increased Revolver Commitments).

(c) The following terms and conditions shall apply to each Incremental Facility: (i) Obligations thereunder shall constitute Credit Party Obligations and will be guaranteed (and secured, to the extent applicable) with the other Credit Party Obligations on a pari passu basis and will not be guaranteed by any obligor or secured by any assets that do not guarantee or secure, respectively, the Credit Party Obligations, (ii) each Incremental Facility shall otherwise have terms (including pricing terms) to be agreed by the Borrower and the Lenders providing the Incremental Commitments (the "Incremental Lenders") subject to the following parameters: (A) no Incremental Facility shall mature prior to the Maturity Date applicable to the Revolving Loans, (B) mandatory prepayments customary for a term loan (which for the avoidance of doubt may include prepayments with the proceeds of non-

ordinary course asset sales and “excess cash flow” (to be defined in a manner satisfactory to the Borrower and the Administrative Agent)) may be included on then-market terms, and (C) all terms of any Incremental Facility not set forth herein, shall be reasonably satisfactory to the Administrative Agent, (iii) each Incremental Facility shall constitute a separate Facility hereunder, and shall be incorporated into the Credit Documents such that the Incremental Lenders have similar rights and privileges to the Lenders, (iv) each Incremental Facility shall be obtained from existing Lenders or from other banks, financial institutions or Funds, in each case in accordance with the terms set forth below; provided that any Lender or any Incremental Lender offered or approached to provide all or a portion of any Incremental Facility Commitment may elect or decline, in its sole discretion, to provide such Incremental Facility Commitment, (v) the proceeds of each Incremental Facility will be used for the purposes set forth in Section 3.11, (vi) the Borrower shall execute a Note in favor of any Incremental Lender requesting a Note representing its Loans under the Incremental Facility, (vii) on the date of incurrence of the Incremental Loans, the conditions to Extensions of Credit in Section 4.2 shall have been satisfied, (viii) each such commitment for an Incremental Facility shall be in a minimum amount of \$5,000,000 (and \$1,000,000 increments in excess thereof), and (ix) the Administrative Agent shall have received from the Borrower (A) resolutions, legal opinions and other corporate authority documents reasonably requested by the Administrative Agent, substantially the same in form and substance as those delivered on the Closing Date pursuant to Section 4.1 and (B) updated financial projections and an officer’s certificate, in each case in form and substance reasonably satisfactory to the Administrative Agent, demonstrating that, after giving effect to the borrowing of such Incremental Loans and the application thereof on a Pro Forma Basis, the Credit Parties will be in compliance with the financial covenants set forth in Section 5.9 (and, if the Collateral Event has occurred, the condition in the proviso set forth in Section 2.22(a)) and no Default or Event of Default shall exist. All Incremental Lenders shall enter into such joinder agreements to give effect thereto as the Administrative Agent may reasonably request.

(d) Notwithstanding anything to the contrary in Section 9.1 or elsewhere in this Credit Agreement, the Administrative Agent is authorized to enter into, on behalf of the Lenders, any amendment to this Credit Agreement or any other Credit Document as may be necessary solely to incorporate the terms of each Increased Revolver Commitment or Incremental Facility therein. For the avoidance of doubt, such amendments may provide for, among other things, the incorporation of such Incremental Facility into the definitions of “Required Lenders”, “Required Facility Lenders”, “Commitment Percentage”, and similar terms and sections of this Credit Agreement on a similar basis to each other existing Facility, and may provide for sharing of payments and inclusion in the waterfall, and the inclusion of customary provisions for a term loan throughout the Credit Documents.\

(e) Upon executing the joinder documentation requested by the Administrative Agent, each bank, financial institution or other entity committing to be a new Revolving Lender or Incremental Lender shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement and the other Credit Documents, and shall benefit equally and ratably from the Guarantees and security interests (if applicable) created by the Security Documents, if any; provided that any Lender offered or approached to provide all or a portion of any Increased Revolver Commitment may elect or decline, in its sole discretion, to provide such Increased Revolver Commitments.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the Lenders to enter into this Agreement and to make Loans and to issue, extend, renew or participate in Letters of Credit, in each case as herein provided for, the Credit Parties hereby represent and warrant to the Administrative Agent and to each Lender that:

Section 3.1 Financial Condition.

(a) (i) The audited Consolidated financial statements of the Borrower and its Consolidated Subsidiaries for the fiscal years ended December 31, 2014, 2015 and 2016 set forth in the Borrower’s annual report on Form 10-K for the fiscal year ended December 31, 2016 and (ii) the unaudited Consolidated financial statements of the Borrower and its Consolidated Subsidiaries for the year-to-date period ended on June 30, 2017 set forth in the Borrower’s quarterly report on Form 10-Q for the period ended June 30, 2017:

(A) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein;

(B) fairly present in all material respects the financial condition of the Borrower and its Consolidated Subsidiaries as of the dates thereof (subject, in the case of the unaudited financial statements, to normal year-end adjustments) and results of operations for the period covered thereby; and

(C) reflect in accordance with GAAP all material Indebtedness and other liabilities, direct or contingent, of the Borrower and its Consolidated Subsidiaries, as applicable, as of the date thereof, including liabilities for taxes, material commitments and contingent obligations.

(b) The five-year projections of the Borrower and its Consolidated Subsidiaries delivered to the Lenders on or prior to the Closing Date have been prepared in good faith based upon reasonable assumptions.

Section 3.2 No Material Adverse Effect.

Since December 31, 2016 (and, in addition, after delivery of annual audited financial statements in accordance with Section 5.1(a), from the date of the most recently delivered annual audited financial statements), there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

Section 3.3 Corporate Existence: Compliance with Law.

Each of the Credit Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, (b) except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, has the requisite power and authority and the legal right to own and operate all its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and has taken all actions necessary to maintain all rights, privileges, licenses and franchises necessary or required in the normal conduct of its business, (c) is duly qualified to conduct business and in good standing under the laws of each other jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except to the extent that the failure to so qualify or be in good standing in any such other jurisdiction could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Requirements of Law, organizational documents, government permits and government licenses except to the extent such non-compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Credit Party has any oral or written operating agreement (or other similar document) which regulates the affairs of such Credit Party, the conduct of its business, establishes duties and/or governs the relations among any member, manager and such Credit Party, other than such documents as have been previously delivered to the Administrative Agent.

Section 3.4 Corporate Power: Authorization: Enforceable Obligations.

Each of the Credit Parties has full power and authority and the legal right to make, deliver and perform the Credit Documents to which it is party and has taken all necessary limited liability company, partnership or corporate action to authorize the execution, delivery and performance by it of the Credit Documents to which it is party. Each Credit Document to which it is a party has been duly executed and delivered on behalf of each Credit Party. Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of each Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 3.5 No Legal Bar; No Default.

The execution, delivery and performance by each Credit Party of the Credit Documents to which such Credit Party is a party, the borrowings thereunder and the use of the proceeds of the Loans (a) will not violate in any material respect any Requirement of Law (except those as to which waivers or consents have been obtained), (b) will not conflict with, result in a breach of or constitute a default under (i) the articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents of the Credit Parties or (ii) any Material Contract to which such Person is a party or by which any of its properties may be bound or any material approval or material consent from any Governmental Authority relating to such Person (except those as to which waivers or consents have been obtained) which conflict, breach or default in any such case in this clause (ii) could reasonably be expected to have a Material Adverse Effect, and (c) will not result in, or require, the creation or imposition of any Lien on any Credit Party's properties or revenues pursuant to any Requirement of Law, the articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents of such Credit Party or Contractual Obligation other than the Liens arising under or contemplated in connection with the Credit Documents or Permitted Liens. No Credit Party is in default under or with respect to any of its Material Contracts in any material respect. No Default or Event of Default has occurred and is continuing.

Section 3.6 No Material Litigation.

No litigation, investigation, claim, criminal prosecution, civil investigative demand, imposition of criminal or civil fines and penalties, or any other proceeding of or before any arbitrator or Governmental Authority is pending or, to the actual knowledge of the Responsible Officers of the Borrower, threatened (in writing) by or against any Credit Party or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to the Credit Documents or any Extension of Credit or any of the transactions contemplated hereby, or (b) which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No permanent injunction, temporary restraining order or similar decree has been issued against any Credit Party or any of its Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.7 Investment Company Act; etc.

No Credit Party is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended. No Credit Party is subject to regulation under the Federal Power Act, the Interstate Commerce Act, the Public Utility Holding Company Act of 2005 or any federal or state statute or regulation limiting its ability to incur the Credit Party Obligations.

Section 3.8 Margin Regulations.

No part of the proceeds of any Extension of Credit hereunder will be used directly or indirectly for any purpose that violates, or that would require any Lender to make any filings in accordance with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. The Credit Parties and their Subsidiaries (a) are not engaged, principally or as one of their important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" "margin stock" within the respective meanings of each of such terms under Regulation U and (b) taken as a group do not own "margin stock" except as identified in the financial statements referred to in Section 3.1 or delivered pursuant to Section 5.1 and the aggregate value of all "margin stock" owned by the Credit Parties and their Subsidiaries taken as a group does not exceed 25% of the value of their assets.

Section 3.9 ERISA.

Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect:

(a) Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code.

(b) No termination of a Single Employer Plan has occurred resulting in any liability that has remained underfunded, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period.

(c) The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits.

(d) Neither any Credit Party nor any Commonly Controlled Entity is currently subject to any liability for a complete or partial withdrawal from a Multiemployer Plan.

Section 3.10 Environmental Matters.

Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect:

(a) To the actual knowledge of the Responsible Officers of the Borrower, the facilities and properties owned, leased or operated by the Credit Parties or any of their Subsidiaries (the "Properties") do not contain any Materials of Environmental Concern in amounts or concentrations which (i) constitute a violation of, or (ii) could give rise to liability on behalf of any Credit Party under, any Environmental Law.

(b) To the actual knowledge of the Responsible Officers of the Borrower, the Properties and all operations of the Credit Parties and/or their Subsidiaries at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Credit Parties or any of their Subsidiaries (the "Business").

(c) Neither the Credit Parties nor their Subsidiaries have received any written or actual notice of violation, alleged violation, non-compliance, liability or potential liability on behalf of any Credit Party with respect to environmental matters or Environmental Laws regarding any of the Properties or the Business, nor do the Responsible Officers of the Borrower have actual knowledge or reason to believe that any such notice will be received or is being threatened.

(d) To the actual knowledge of the Responsible Officers of the Borrower, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability on behalf of any Credit Party under any Environmental Law, and no Materials of Environmental Concern have been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability on behalf of any Credit Party under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the actual knowledge of the Responsible Officers of the Borrower, threatened, under any Environmental Law to which any Credit Party or any Subsidiary is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business.

(f) To the actual knowledge of the Responsible Officers of the Borrower, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of any Credit Party or any Subsidiary in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability on behalf of any Credit Party under Environmental Laws. Notwithstanding anything set forth in this Section 3.10, the term "Properties" shall not include any hospital or other medical facility at which a Credit Party or its Subsidiaries provides services unless such facility is owned or leased by a Credit Party or its Subsidiaries.

Section 3.11 Use of Proceeds.

The proceeds of the Extensions of Credit shall be used by the Borrower solely (a) to refinance the Existing Credit Agreement, (b) to pay any costs, fees and expenses associated with this Agreement on the Closing Date and (c) for working capital and other general corporate purposes of the Credit Parties and their Subsidiaries (including, without limitation, Permitted Acquisitions and Restricted Payments).

Section 3.12 Subsidiaries; Joint Ventures; Partnerships.

Set forth on Schedule 3.12 is (a) the exact legal name of each Credit Party, the state of incorporation or organization, the chief executive office, the principal place of business, the jurisdictions in which the Credit Parties are qualified to do business, the federal tax identification number and organization identification number of each of the Credit Parties as of the Closing Date (and for the four (4) months prior to the Closing Date) and (b) a complete and accurate list of all Subsidiaries, joint ventures and partnerships of the Credit Parties as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 5.2. Information on the attached Schedule includes the following: (a) the percentage of outstanding shares of each class of Equity Interest owned by the Credit Parties and their Subsidiaries and (b) the name and address of each Equity Holder that owns, directly or indirectly, Equity Interests in any Subsidiary of the Borrower. The outstanding Equity Interest and other equity interests of all such Subsidiaries is validly issued, fully paid and non-assessable and is owned free and clear of all Liens.

Section 3.13 Ownership.

Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect:

(a) Each of the Credit Parties and its Subsidiaries is the owner of, and has good and marketable title to or a valid leasehold interest in, all of its respective assets, which, together with assets leased or licensed by the Credit Parties and their Subsidiaries, represents all assets in the aggregate material to the conduct of the business of the Credit Parties and their Subsidiaries, and (after giving effect to the Transactions) none of such assets is subject to any Lien other than Permitted Liens.

(b) Each Credit Party and its Subsidiaries enjoys peaceful and undisturbed possession under all of its leases and all such leases are valid and subsisting and in full force and effect.

Section 3.14 Taxes.

Each of the Credit Parties and its Subsidiaries has filed, or caused to be filed, all income Tax returns and all other material Tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of taxes shown thereon to be due (including interest and penalties) and (b) all other material Taxes, fees, assessments and other governmental charges (including mortgage recording Taxes, documentary stamp Taxes and intangibles Taxes) owing by it, except for such Taxes (i) that are not yet delinquent or (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP. Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, none of the Credit Parties or their Subsidiaries is aware as of the Closing Date of any proposed Tax assessments against it or any of its Subsidiaries.

Section 3.15 Solvency.

After giving effect to the Transactions, (a) the Credit Parties taken as a whole are solvent and are able to pay their debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, and (b) the fair saleable value of the Credit Parties' assets taken as a whole, measured on a going concern basis, exceeds all probable liabilities, including those to be incurred pursuant to this Agreement. After giving effect to the Transactions, none of the Credit Parties (i) has unreasonably small capital in relation to the business in which it is or proposes to be engaged or (ii) has incurred, or believes that it will incur debts beyond its ability to pay such debts as they become due. In executing the Credit Documents and consummating the Transactions, none of the Credit Parties intends to hinder, delay or defraud either present or future creditors or other Persons to which one or more of the Credit Parties is or will become indebted.

Section 3.16 No Burdensome Restrictions.

None of the Credit Parties or their Subsidiaries is a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.17 Brokers' Fees.

None of the Credit Parties or their Subsidiaries has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Credit Documents other than the closing and other fees payable pursuant to this Agreement and as set forth in the Fee Letters.

Section 3.18 Labor Matters.

Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, there are no collective bargaining agreements or Multiemployer Plans covering the employees of the Credit Parties or any of their Subsidiaries as of the Closing Date, other than as set forth in Schedule 3.18 hereto, and none of the Credit Parties or their Subsidiaries (a) has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years, other than as set forth in Schedule 3.18 hereto, or (b) has knowledge of any potential or pending strike, walkout or work stoppage. Other than as set forth on Schedule 3.18, no unfair labor practice complaint is pending against any Credit Party or any of its Subsidiaries that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, there are no strikes, walkouts, work stoppages or other material labor difficulty pending or threatened against any Credit Party.

Section 3.19 Accuracy and Completeness of Information.

All written factual information (other than (i) any projections, (ii) other forward-looking information and (iii) information of a general economic or industry nature) concerning any Credit Party and its Subsidiaries and the transactions contemplated by the Credit Documents heretofore, contemporaneously or hereafter furnished by or on behalf of any Credit Party or any of its Subsidiaries to the Administrative Agent, the Arrangers or any Lender for purposes of or in connection with this Agreement or any other Credit Document, or any transaction contemplated hereby or thereby, when taken as a whole, is or, in the case of such information furnished after the date hereof, will be, true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information in light of the circumstances in which such information is provided not materially misleading, in each case, after giving effect to all supplements and updates thereto from time to time prior to the date this representation is made; provided, that with respect to projected financial information, the Credit Parties represent only that such information was prepared in good faith on assumptions believed to be reasonable at the time made and are not to be viewed as facts and are subject to significant uncertainties and contingencies many of which are beyond your control, that no assurance can be given that any projections will be realized and actual results may vary materially from the projected financial information.

Section 3.20 Material Contracts.

Each Material Contract is, and after giving effect to the Transactions will be, in full force and effect in accordance with the terms thereof.

Section 3.21 Insurance.

The insurance coverage of the Credit Parties and their Subsidiaries is outlined as to carrier, policy number, expiration date, type and amount on Schedule 3.21 as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 5.2 and such insurance coverage complies with the requirements set forth in Section 5.5(b).

Section 3.22 Intellectual Property Matters.

Except as could not reasonably be expected to have a Material Adverse Effect, the Credit Parties and their Subsidiaries own, or possess the right to use, all of the Intellectual Property, trade names, franchises, licenses and other intellectual property rights (collectively, “IP Rights”) that are reasonably necessary for the operation of their respective businesses as now conducted by them in all material respects, without infringement of the rights of any other Person. To the actual knowledge of the Responsible Officers of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Credit Party or any Subsidiary infringes in any material respect upon any rights held by any other Person. No event has occurred which permits, or after the notice or lapse of time or both would permit, the revocation or termination of any such license, franchise or other right or which affects the rights of any of the Credit Parties or any of their Subsidiaries thereunder which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of each Credit Party, threatened (in writing), which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No representation is made in this Section 3.22 regarding “shrink wrap” or “off the shelf” software, or software embedded in commercially available electronic hardware.

Section 3.23 Classification of Senior Indebtedness.

The Credit Party Obligations constitute “Senior Indebtedness,” “Designated Senior Indebtedness” or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

Section 3.24 Anti-Corruption Laws and Sanctions.

The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Borrower being designated as a Sanctioned Person. None of (a) the Borrower, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan or Letter of Credit, use of proceeds or other transaction contemplated by the Credit Agreement will violate Anti-Corruption Laws or applicable Sanctions.

Section 3.25 Consent: Governmental Authorizations.

No approval, consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person (including any Equity Holder) is required in connection with acceptance of Extensions of Credit by the Borrower or the making of the Guaranty hereunder or with the execution, delivery or performance of any Credit Document by the Credit Parties (other than those which have been obtained) or with the validity or enforceability of any Credit Document against the Credit Parties.

Section 3.26 Healthcare Representations and Warranties.

(a) Reports; Audits. Except for matters that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect: (i) as applicable, the Credit Parties have timely filed or caused to be timely filed, all cost reports and other reports of every kind whatsoever required by law or by written contracts or otherwise to have been filed or made with respect to such Credit Party' s business and operations; (ii) there are no claims, actions or appeals pending (and each Credit Party has not filed any claims or reports which should result in any such claims, actions or appeals) before any commission, board or agency, including, without limitation, any intermediary or carrier, the Provider Reimbursement Review Board or the Administrator of CMS, with respect to cost reports or claims filed by any Credit Party under any Government Reimbursement Program, or any disallowance by any commission, board or agency in connection with any audit of such cost reports or claims; and (iii) no validation review or program integrity review related to any Credit Party, or the consummation of the transactions contemplated in the Credit Documents, have been conducted by any commission, board or agency in connection with any Government Reimbursement Program, and to the actual knowledge of the Responsible Officers of the Borrower, no such reviews are scheduled, pending or threatened against or affecting any Credit Party, any Credit Party' s employees or agents, or the consummation of the transactions contemplated hereby.

(b) Compliance With Health Care Laws. Each Credit Party is in compliance with all applicable Healthcare Laws except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the extent applicable to each Credit Party, each Credit Party has maintained in all material respects all records required to be maintained by the Joint Commission, Government Reimbursement Programs, and the Healthcare Laws, and, to the actual knowledge of the Responsible Officers of the Borrower, there are no presently existing circumstances which could reasonably be expected to constitute or result in a violation of any Healthcare Law, in each case that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the actual knowledge of the Responsible Officers of the Borrower, no Credit Party is currently subject to any federal, state, local governmental or private payor civil or criminal inspections, investigations, inquiries or audits involving and/or related to its activities or compliance with Healthcare Laws, except for audits and inspections that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as could not reasonably be expected to have a Material Adverse Effect, no Credit Party: (i) has had a civil monetary penalty assessed against it pursuant to 42 U.S.C. §1320a-7a; (ii) has been excluded from participation in a Federal Health Care Program (as that term is defined in 42 U.S.C. §1320a-7b); (iii) has been convicted (as that term is defined in 42 C.F.R. §1001.2) of any of those offenses described in 42 U.S.C. §1320a-7b or 18 U.S.C. §§669, 1035, 1347, 1518; or (iv) to the actual knowledge of the Responsible Officers of the Borrower, is involved or named in a U.S. Attorney complaint made or any other action taken pursuant to the False Claims Act under 31 U.S.C. §§3729-3731 or qui tam action brought pursuant to 31 U.S.C. §3729 *et seq.*

(c) Licenses, Permits, and Certifications. Each Credit Party has, and to the actual knowledge of one or more Responsible Officers of the Borrower, each Equity Holder has, such permits, licenses, franchises, certificates and other approvals or authorizations of Governmental Authorities as are necessary under applicable law or regulations to own its properties and to conduct its business and to submit claims for and receive reimbursement under all applicable Government Reimbursement Programs and Private Payor Arrangements (including without limitation such permits as are required under Healthcare Laws and under such HMO or similar licensure laws and such insurance laws and regulations, as are applicable thereto) other than such failures as could not reasonably be expected to have a Material Adverse Effect. Each Credit Party has, and to the actual knowledge of one or more Responsible Officers of the Borrower, each Equity Holder has, all Medicare, Medicaid and related agency supplier billing number(s) and related documentation necessary for it to receive reimbursement claims under all applicable Government Reimbursement Programs for any medical services or supplies furnished by any Credit Party in any jurisdiction where any Credit Party conducts business other than such failures as could not reasonably be expected to have a Material Adverse Effect. No Credit Party (and, to the actual knowledge of one or more Responsible Officer of the Borrower, no Equity Holder) is currently subject to, suspension, revocation, renewal or denial of any applicable certification, provider or supplier billing number(s), or any participation agreement(s) under any applicable Government Reimbursement Program which could reasonably be expected to cause a Material Adverse Effect. There currently exist no restrictions, deficiencies, required plans of corrective action or other such remedial measures with respect to any certifications, accreditations or licensures (whether under any Government Reimbursement Program, or Healthcare Law) other than restrictions, deficiencies, required plans of corrective action or other remedial measures that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Participation Agreements. To the actual knowledge of the Responsible Officers of the Borrower, there is no threatened termination of any participation agreements under any Private Payor Arrangements to which any Credit Party is a party and which termination would reasonably be expected to have a Material Adverse Effect.

(e) HIPAA Compliance. To the actual knowledge of the Responsible Officers of the Borrower, no Credit Party is the subject of any civil or criminal penalty, process, claim, action or proceeding, or any administrative or other regulatory review, survey, process or proceeding alleging a violation of HIPAA that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(f) Equity Holder Compliance. Other than where failure to do so could not reasonably be expected to have a Material Adverse Effect, to the actual knowledge of one or more Responsible Officers of the Borrower, each Equity Holder is duly licensed (where license is required) by each state or state agency or commission, or any other Governmental Authority having jurisdiction over the provision of such services by such Person in the locations in which the Equity Holder and the applicable Subsidiaries conduct business, required to enable such Person to provide the professional services provided by such Person and otherwise as is necessary to enable the Equity Holder and each such applicable Subsidiary to operate as currently operated and as presently contemplated to be operated. To the actual knowledge of the Borrower's Responsible Officers, all such required licenses are in full force and effect on the date hereof and have not been revoked or suspended or otherwise limited in any material respect.

Section 3.27 Security Interests. At any time following the Collateral Event, the Security Documents are effective to create in favor of the Administrative Agent, for the ratable benefit of the Lenders and the Bank Product Providers, legal, valid and enforceable first priority Liens (subject to Permitted Liens) on, and security interests in, the Collateral and, when (a) each (i) financing statement on form UCC-1 made pursuant to the Security Documents is filed in the appropriate office as required by the Uniform Commercial Code, (ii) Security Documents (or short form security agreement with respect to intellectual property) are filed with the United States Patent and Trademark Office and the United States Copyright Office, as applicable, and (iii) all other appropriate filings or recordings are made in the appropriate offices as may be required under applicable law, and in each case, all filing and recording fees have been paid, and (b) upon the taking of possession, control or other action by the Administrative Agent of such Collateral with respect to which a security interest may be perfected only by possession, control or other action, such security interests will constitute fully perfected Liens on, and security interests in, all right, title and interest of the Credit Parties in such Collateral, in each case subject to no Liens other than Permitted Liens.

Section 3.28 EEA Financial Institutions No Credit Party is an EEA Financial Institution.

Section 3.29 ERISA The Borrower represents and warrants as of the Closing Date that the Borrower is not and will not be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.1 Conditions to Closing Date and Initial Revolving Loans

This Agreement shall become effective upon, and the obligation of each Lender to make the initial Extensions of Credit on the Closing Date is subject to, the satisfaction, or waiver by the Administrative Agent, of the following conditions precedent:

(a) Execution of Credit Agreement; Credit Documents and Lender Consents. The Administrative Agent shall have received (i) counterparts of this Agreement, executed by a duly authorized officer of each party hereto, (ii) counterparts of any other Credit Document, executed by the duly authorized officers of the parties thereto and (iii) executed consents, in substantially the form of Exhibit 4.1(a), from each Lender authorizing the Administrative Agent to enter this Credit Agreement on their behalf.

(b) Authority Documents. The Administrative Agent shall have received the following:

(i) Articles of Incorporation/Charter Documents. Original certified articles of incorporation or other charter documents, as applicable, of each Credit Party certified (A) by an officer of such Credit Party (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) as of the Closing Date to be true and correct and in force and effect as of such date, and (B) with respect to the articles of incorporation of the Borrower, to be true and complete as of a recent date by the appropriate Governmental Authority of the State of Florida.

(ii) Resolutions. Copies of resolutions of the board of directors or comparable managing body of each Credit Party approving and adopting the Credit Documents, the transactions contemplated therein and authorizing execution and delivery thereof, certified by an officer of such Credit Party (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) as of the Closing Date to be true and correct and in force and effect as of such date.

(iii) Bylaws/Operating Agreement. A copy of the bylaws or comparable operating agreement of each Credit Party certified by an officer of such Credit Party (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) as of the Closing Date to be true and correct and in force and effect as of such date.

(iv) Good Standing. Copies of certificates of good standing, existence or its equivalent with respect to each Credit Party certified as of a recent date by the appropriate Governmental Authorities of the state of incorporation or organization and each other state in which the failure to so qualify and be in good standing could reasonably be expected to have a Material Adverse Effect; provided that any certificate of good standing set forth on Schedule 5.12(e) may instead be provided within the time period set forth in Schedule 5.12(e).

(v) Incumbency. An incumbency certificate of each Credit Party certified by an officer (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) to be true and correct as of the Closing Date.

(vi) Florida Stamp Tax. To the extent reasonably requested by the Administrative Agent, and in such case reasonably satisfactory to the Administrative Agent, either (i) such affidavits relative to the execution and delivery of any Credit Document as required to support the determination that no Florida documentary stamp taxes are required to be paid, or (ii) evidence of payment by the Borrower of any Florida documentary stamp taxes applicable to the execution and delivery of the Credit Documents.

(c) Legal Opinion of Counsel. The Administrative Agent shall have received an opinion or opinions (including, if requested by the Administrative Agent, local counsel opinions) of counsel for the Credit Parties, dated the Closing Date and addressed to the Administrative Agent and the Lenders, in form and substance acceptable to the Administrative Agent (which shall include, without limitation, opinions with respect to the due organization and valid existence of each Credit Party and opinions as to the non-contravention of the Credit Parties' organizational documents and Material Contracts); provided that the opinion of counsel set forth on Schedule 5.12(e) may instead be provided within the time period set forth in Schedule 5.12(e).

(d) Liability, Casualty, Property and Business Interruption Insurance. The Administrative Agent shall have received copies of insurance policies or certificates and endorsements of insurance evidencing general liability, casualty, property and business interruption insurance. The Administrative Agent shall be named as additional insured on behalf of the Lenders with respect to any such insurance providing general liability coverage, and the Credit Parties will use their commercially reasonable efforts to have each provider of any such insurance agree, by endorsement upon the policy or policies issued by it or by independent instruments to be furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days' (or ten (10) days in the case of nonpayment) prior written notice before any such policy or policies shall be materially altered or cancelled.

(e) Solvency Certificate. The Administrative Agent shall have received an officer's certificate prepared by the chief financial officer of the Borrower as to the financial condition, solvency and related matters of the Credit Parties and their Subsidiaries, after giving effect to the Transactions and the initial borrowings under the Credit Documents, in substantially the form of Exhibit 4.1(e) hereto.

(f) Account Designation Notice. The Administrative Agent shall have received the executed Account Designation Notice in the form of Exhibit 1.1(a) hereto.

(g) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing with respect to the Loans to be made on the Closing Date.

(h) Consents. The Administrative Agent shall have received evidence that any applicable boards of directors, governmental, shareholder and material third party consents and approvals necessary in connection with the Transactions have been obtained and all applicable waiting periods have expired without any action being taken by any authority that could restrain, prevent or impose any material adverse conditions on such transactions or that could seek or threaten any of the foregoing.

(i) Compliance with Laws. The Transactions contemplated hereby shall be in compliance in all material respects with all applicable laws and regulations (including all applicable securities and banking laws, rules and regulations).

(j) Bankruptcy. There shall be no bankruptcy or insolvency proceedings pending with respect to any Credit Party or any Subsidiary thereof.

(k) Existing Indebtedness of the Credit Parties. All of the existing Indebtedness for borrowed money of the Credit Parties and their Subsidiaries (other than Indebtedness permitted to exist pursuant to Section 6.1) shall be repaid in full and all security interests related thereto (other than Permitted Liens) shall be terminated on or prior to the Closing Date.

(l) Financial Statements. The Administrative Agent and the Lenders shall have received copies of the financial statements referred to in Section 3.1, each in form and substance satisfactory to each of them.

(m) No Material Adverse Change. Since December 31, 2016 there shall have been no material adverse change in the business, properties, prospects, operations or condition (financial or otherwise) of the Credit Parties or any of their respective Subsidiaries.

(n) Financial Condition Certificate. The Administrative Agent shall have received a certificate or certificates executed by a Responsible Officer of the Borrower as of the Closing Date, substantially in the form of Exhibit 4.1(n) stating that (i) to the actual knowledge of the Responsible Officers of the Borrower, there does not exist any pending or ongoing, action, suit, investigation, litigation or proceeding in any court or before any other Governmental Authority (A) affecting this Agreement or the other Credit Documents, that has not been settled, dismissed, vacated, discharged or terminated prior to the Closing Date or (B) that purports to affect any Credit Party or any of its Subsidiaries, or any transaction contemplated by the Credit Documents, which action, suit, investigation, litigation or proceeding could reasonably be expected to have a Material Adverse Effect, that has not been settled, dismissed, vacated, discharged or terminated prior to the Closing Date, (ii) immediately after giving effect to this Agreement, the other Credit Documents, and all the Transactions contemplated to occur on such date, (A) no Default or Event of Default exists, (B) all representations and warranties contained herein and in the other Credit Documents (1) with respect to representations and warranties that contain a materiality qualification, are true and correct and (2) with respect to representations and warranties that do not contain a materiality qualification, are true and correct in all material respects and (C) the Credit Parties are in pro forma

compliance with each of the initial financial covenants set forth in Section 5.9 (as evidenced through detailed calculations of such financial covenants on a schedule to such certificate) as of the last day of the quarter ending at least twenty (20) days preceding the Closing Date and (iii) each of the other conditions precedent in Section 4.1 have been satisfied, except to the extent the satisfaction of any such condition is subject to the reasonable judgment of the Administrative Agent or any Lender.

(o) Patriot Act Certificate. At least three (3) Business Days prior to the Closing Date, to the extent requested by the Administrative Agent at least ten (10) Business Days prior to the Closing Date, the Administrative Agent shall have received a certificate satisfactory thereto, substantially in the form of Exhibit 4.1(o), for benefit of itself and the Lenders, provided by the Borrower that sets forth information required by the Patriot Act including, without limitation, the identity of the Credit Parties, the name and address of the Credit Parties and other information that will allow the Administrative Agent or any Lender, as applicable, to identify the Credit Parties in accordance with the Patriot Act.

(p) Fees and Expenses. The Administrative Agent and the Lenders shall have received all fees and expenses, if any, owing pursuant to any Fee Letter, the Commitment Letter and Section 2.5.

(q) Additional Matters. All other documents and legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

Without limiting the generality of the provisions of Section 8.4, for purposes of determining compliance with the conditions specified in this Section 4.1, each Lender that has signed this Agreement or a Lender Consent shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 4.2 Conditions to All Extensions of Credit.

The obligation of each Lender to make any Extension of Credit hereunder is subject to the satisfaction of the following conditions precedent on the date of making such Extension of Credit:

(a) Representations and Warranties. The representations and warranties made by the Credit Parties herein and which are contained in any certificate furnished at any time under or in connection herewith shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects, in each case on and as of the date of such Extension of Credit as if made on and as of such date except for any representation or warranty made as of an earlier date, which representation and warranty shall remain true and correct (subject to the applicable materiality threshold in the preceding clauses (i) or (ii)) as of such earlier date.

(b) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Extension of Credit to be made on such date unless such Default or Event of Default shall have been waived in accordance with this Agreement.

(c) Compliance with Commitments. Immediately after giving effect to the making of any such Extension of Credit (and the application of the proceeds thereof), (i) the sum of the aggregate principal amount of outstanding Revolving Loans plus the aggregate principal amount of outstanding LOC Obligations shall not exceed the Revolving Committed Amount then in effect, and (ii) the aggregate principal amount of the outstanding LOC Obligations shall not exceed the LOC Committed Amount.

(d) Additional Conditions to Revolving Loans. If a Revolving Loan is requested, all conditions set forth in Section 2.1 shall have been satisfied.

(e) Incremental Commitment. If an Incremental Commitment is requested, all conditions set forth in Section 2.22 shall have been satisfied.

(f) Additional Conditions to Letters of Credit. If the issuance of a Letter of Credit is requested, (i) all conditions set forth in Section 2.3 shall have been satisfied and (ii) there shall exist no Lender that is a Defaulting Lender unless the Issuing Lenders have entered into reasonably satisfactory arrangements with the Borrower or such Defaulting Lender to eliminate the Issuing Lenders' risk with respect to such Defaulting Lender's LOC Obligations.

Each request for an Extension of Credit and each acceptance by the Borrower of any such Extension of Credit shall be deemed to constitute representations and warranties by the Credit Parties as of the date of such Extension of Credit that the conditions set forth above in paragraphs (a) through (f), as applicable, have been satisfied.

ARTICLE V

AFFIRMATIVE COVENANTS

Each of the Credit Parties hereby covenants and agrees that on the Closing Date, and thereafter (a) for so long as this Agreement is in effect, (b) until the Commitments have terminated, and (c) until no Note remains outstanding and unpaid and the Credit Party Obligations and all other amounts owing to the Administrative Agent or any Lender hereunder are paid in full, such Credit Party shall, and shall cause each of their Subsidiaries, to:

Section 5.1 Financial Statements.

Furnish to the Administrative Agent for prompt further distribution to each Lender:

(a) Annual Financial Statements. As soon as available and in any event no later than the fifth Business Day following the earlier of (i) to the extent applicable, the date the Borrower is required by the SEC to file its Form 10-K for each fiscal year of the Borrower and (ii) ninety (90) days after the end of each fiscal year of the Borrower, a copy of the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such fiscal year and the related Consolidated statements of income and retained earnings and of cash flows of the Borrower and its Consolidated Subsidiaries for such year, which shall be audited by an independent registered certified public accounting firm of nationally recognized standing reasonably acceptable to the Administrative Agent, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such independent certified public accountants to certify such financial statements without such qualification;

(b) Quarterly Financial Statements. As soon as available and in any event no later than the fifth Business Day following the earlier of (i) to the extent applicable, the date the Borrower is required by the SEC to file its Form 10-Q for any fiscal quarter of the Borrower and (ii) forty-five (45) days after the end of each of the first three fiscal quarters of the Borrower, a copy of the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such period and related Consolidated statements of income and retained earnings and of cash flows for the Borrower and its Consolidated Subsidiaries for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form Consolidated figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments); and

(c) Annual Operating Budget and Cash Flow. As soon as available, but in any event within forty-five (45) days after the end of each fiscal year (including the fiscal year ending December 31, 2017), a copy of the detailed annual operating budget or plan including cash flow projections of the Borrower and its Consolidated Subsidiaries for the next four fiscal quarter period prepared on a quarterly basis, in form and detail reasonably acceptable to the Administrative Agent and the Lenders, together with a summary of the material assumptions made in the preparation of such annual budget or plan;

all such historical financial statements to be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments) and to be prepared in reasonable detail and, in the case of the annual and quarterly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein (except as required by a change in GAAP as set forth therein) and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change, if any, in the application of accounting principles as provided in Section 1.3. The financial statements provided in accordance with subsection (c) above shall have been prepared in good faith based upon reasonable assumptions.

Notwithstanding the foregoing, financial statements and reports required to be delivered pursuant to the foregoing provisions of this Section may be delivered electronically (including via a link to the SEC's EDGAR system) and if so, shall be deemed to have been delivered on the date on which the Administrative Agent receives such reports from the Borrower through electronic mail.

Section 5.2 Certificates; Other Information.

Furnish to the Administrative Agent for prompt further distribution to each Lender:

(a) Accountants' Certificate. Concurrently with the delivery of the financial statements referred to in Section 5.1(a) above, a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate.

(b) Officer's Certificate. Concurrently with the delivery of the financial statements referred to in Sections 5.1(a) and 5.1(b) above, a certificate of a Responsible Officer substantially in the form of Exhibit 5.2(b) stating that (i) such financial statements present fairly in all material respects the consolidated financial position of the Borrower and its Consolidated Subsidiaries for the periods indicated in conformity with GAAP applied on a consistent basis, (ii) each of the Credit Parties during such period observed or performed in all material respects all of its covenants and other agreements, and satisfied every condition, contained in this Agreement to be observed, performed or satisfied by it, and (iii) such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and such certificate shall include the calculations in reasonable detail required to indicate (A) compliance with Section 5.9 as of the last day of such period, (B) that each Investment made during the most recently completed fiscal quarter pursuant to clause (e) of the definition of Permitted Investment, together with each other then-existing Investment pursuant to clause (e) of the definition of Permitted Investment, did not, when such Investment was made, exceed 15% of Consolidated total shareholders' equity as determined in accordance with GAAP and as set forth on the then most recent Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries furnished to the Administrative Agent pursuant to Section 5.1 above and (C) the amount of all Restricted Payments paid and all Investments (including Permitted Acquisitions) that were made during such period.

(c) Updated Schedules. Concurrently with or prior to the delivery of the financial statements referred to in Sections 5.1(a) and 5.1(b) above, (i) an updated copy of Schedule 3.12 if the Credit Parties or any of their Subsidiaries has formed or acquired a new Subsidiary since the Closing Date or since such Schedule was last updated, as applicable and (ii) an updated copy of Schedule 3.21 if the Credit Parties or any of their Subsidiaries has materially altered or acquired any insurance policies since the Closing Date or since Schedule 3.21 was last updated.

(d) Reports; SEC Filings; Regulatory Reports; Press Releases; Etc. Promptly upon their becoming available, (i) copies of all reports (other than those provided pursuant to Section 5.1 and those which are of a promotional nature) and other financial information which the Borrower sends to its shareholders, (ii) copies of all reports and all registration statements and prospectuses (other than those on or pursuant to Form S-8 or any successor form), if any, which any Credit Party may make to, or file with,

the SEC (or any successor or analogous Governmental Authority) that are not available on the SEC' s EDGAR system (or any successor system) and (iii) all press releases and other statements made available by any of the Credit Parties to the public concerning material developments in the business of any of the Credit Parties.

(e) [Reserved].

(f) Management Letters; Etc. Promptly upon receipt thereof, a copy or summary of any other report, or "management letter" or similar report submitted by independent accountants to any Credit Party or any of their Subsidiaries in connection with any annual, interim or special audit of the books of such Person.

(g) Debt Securities Information. Promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of any Credit Party or any Subsidiary thereof pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to Section 5.1 or any other clause of this Section 5.2.

(h) General Information. Except as may be prohibited by a Requirement of Law, promptly, such additional financial and other information as the Administrative Agent, on behalf of any Lender, may from time to time reasonably request.

Section 5.3 Payment of Taxes and Other Obligations.

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, subject, where applicable, to specified grace periods, (a) all of its material Taxes (Federal, state, local and any other Taxes) and (b) all of its other material obligations and liabilities of whatever nature in accordance with industry practice and (c) any additional material costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such Taxes, obligations and liabilities, except when the amount or validity of any such Taxes, obligations and liabilities is currently being contested in good faith by appropriate proceedings and reserves, if applicable, in conformity with GAAP with respect thereto have been provided on the books of the Credit Parties.

Section 5.4 Conduct of Business and Maintenance of Existence.

(a) Except as expressly permitted under Section 6.3, continue to engage in business of the same general type as now conducted by it on the Closing Date.

(b) Except as permitted by Section 6.4, preserve, renew and keep in full force and effect its corporate or other formative existence and good standing, take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business and to maintain its goodwill and comply with all Contractual Obligations and Requirements of Law, except to the extent where the failure to comply, individually or in the aggregate, has not had and could not reasonably be expected to have a Material Adverse Effect.

(c) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) obtain and maintain all certificates of need, provider numbers, permits and other licenses required to operate such Person' s business and its business locations under applicable law and maintain such Person' s qualification for participation in, and payment under all applicable Government Reimbursement Programs and (ii) properly file all cost reports required under any applicable Government Reimbursement Program.

(d) (i) Provide goods or services to its customers in compliance with ethical standards, laws, rules and regulations applicable to it or any facility or location it operates; (ii) assure that each of its employees and each employee of such facility or location has all required licenses, credentials, approvals and other certifications to perform his or her duties and services for such location; and (iii) maintain all permits and other licenses required to operate its facilities and locations and conduct its business under applicable law; except to the extent, with respect to each of clauses (i), (ii), and (iii) above, where the failure to comply, individually or in the aggregate, has not had and could not reasonably be expected to have a Material Adverse Effect.

(e) (i) Implement and maintain policies that are in material compliance with HIPAA and (ii) undertake to be in compliance with each of the HIPAA provisions applicable to such Credit Party that relate to or regulate billing practices, procedures and codes, standard transactions, and privacy and security of protected health information except to the extent any failure could not reasonably be expected to have a Material Adverse Effect.

Section 5.5 Maintenance of Property: Insurance.

(a) Keep all material property useful and necessary in its business in good working order and condition (ordinary wear and tear and obsolescence excepted).

(b) Maintain with financially sound and reputable insurance companies liability, casualty, property and business interruption insurance in at least such amounts and against at least such risks as are usually insured against in the same general areas by companies engaged in the same or a similar size and type of business; and furnish to the Administrative Agent, upon the request of the Administrative Agent, full information as to the insurance carried. The Administrative Agent shall be named as additional insured, as its interest may appear, with respect to any such general liability insurance, and use commercially reasonable efforts to cause each provider of any such insurance to agree, on a blanket basis or by endorsement upon the policy or policies issued by it or by independent instruments to be furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled, and such policies shall provide that no act or default of the Credit Parties or any of their Subsidiaries or any other Person shall affect the rights of the Administrative Agent or the Lenders under such policy or policies; provided, however, that the Credit Parties may effect workers' compensation insurance or similar coverage with respect to operations in any particular state or other jurisdiction through an insurance fund operated by such state or jurisdiction or by meeting the self-insurance requirements of such state or jurisdiction.

(c) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, preserve or renew all of its Intellectual Property.

Section 5.6 Books and Records.

Keep proper books, records and accounts in which full, true and correct entries in conformity in all material respects with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its businesses and activities.

Section 5.7 Notices.

Give notice in writing to the Administrative Agent (which shall promptly transmit such notice to each Lender) of:

(a) promptly, but in any event within two (2) Business Days after any Credit Party knows thereof, the occurrence of any Default or Event of Default;

(b) promptly, any default or event of default under any Contractual Obligation of any Credit Party or any of its Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of \$10,000,000;

(c) promptly, any litigation, or any investigation or proceeding known or threatened in writing to any Credit Party (i) affecting any Credit Party or any of its Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of \$50,000,000 or involving injunctions or requesting injunctive relief by or against any Credit Party or any Subsidiary of any Credit Party, (ii) affecting or with respect to this Agreement, any other Credit Document or any security interest created thereunder, (iii) involving an environmental claim or potential liability under Environmental Laws which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iv) by any Governmental Authority relating to any Credit Party or any Subsidiary thereof and alleging fraud, deception or willful misconduct by such Person which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(d) of any labor controversy that has resulted in, or threatens to result in, a strike or other work action against any Credit Party which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(e) of any attachment, judgment, lien, levy or order exceeding \$22,500,000 that could reasonably be expected to be assessed against or which has been threatened in writing against any Credit Party other than Permitted Liens;

(f) as soon as possible and in any event within thirty (30) days after any Credit Party knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC (other than a Permitted Lien) or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Multiemployer Plan;

(g) promptly, any notice of any violation received by any Credit Party from any Governmental Authority including, without limitation, any notice of violation of Environmental Laws which could reasonably be expected to cause a Material Adverse Effect;

(h) as soon as possible and in any event within two (2) Business Days following the occurrence of any of the following events: (i) any notice is received, through letter or otherwise, of a potential investigation relating to any Credit Party's submission of claims to Government Reimbursement Programs; (ii) the voluntary disclosure by any Credit Party to the Office of the Inspector General of the United States Department of Health and Human Services, a Medicare fiscal intermediary or any state's Medicaid program of a potential overpayment matter involving the submission of claims to such payor other than refund payments made in the ordinary course of business and which are immaterial in amount or (iii) any notice is received from a Governmental Authority initiating any action that could result in the loss or cancellation of any license, permit, authorization or other right related to any Healthcare Law;

(i) any notice is received from any Governmental Authority of the imposition of any forfeiture or the designation of a hearing that could result in the expiration, termination, revocation, impairment or suspension of any license, permit, authorization or other right related to any Healthcare Law which could reasonably be expected to cause a Material Adverse Effect; and

(j) promptly, any other development or event which could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Credit Parties propose to take with respect thereto. In the case of any notice of a Default or Event of Default, the Borrower shall specify that such notice is a Default or Event of Default notice on the face thereof.

Section 5.8 Environmental Laws.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, comply with, all applicable Environmental Laws and obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws;

(b) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings; and

(c) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors and affiliates, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Credit Parties or any of their Subsidiaries or the Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney' s and consultant' s fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of the Credit Party Obligations and all other amounts payable hereunder and termination of the Commitments and the Credit Documents.

Section 5.9 Financial Covenants.

Comply with the following financial covenants:

(a) Consolidated Net Leverage Ratio. The Consolidated Net Leverage Ratio, calculated as of the last day of each fiscal quarter (beginning with the fiscal quarter ending December 31, 2017) or as of any other date on a Pro Forma Basis, shall be less than or equal to 4.004.25 to 1.00.

(b) Interest Coverage Ratio. The Interest Coverage Ratio, calculated as of the last day of each fiscal quarter (beginning with the fiscal quarter ending December 31, 2017) or as of any other date on a Pro Forma Basis, shall be greater than or equal to 3.00 to 1.00.

Notwithstanding the above, the parties hereto acknowledge and agree that, for purposes of all calculations made in determining compliance for any applicable period with the financial covenants set forth in this Section, (i) after consummation of any Permitted Acquisition, (A) income statement items and other balance sheet items (whether positive or negative) attributable to the Target acquired in such transaction shall be included in such calculations to the extent relating to such applicable period as if such Permitted Acquisition had been consummated as of the first day of such applicable period (including by adding any reasonable cost saving synergies associated with such Permitted Acquisition in a manner reasonably satisfactory to the Required Lenders), subject to reasonable adjustments mutually acceptable to the Borrower and the Required Lenders and (B) Indebtedness of a Target which is retired in connection with a Permitted Acquisition shall be excluded from such calculations and deemed to have been retired as of the first day of such applicable period and (ii) after any Disposition permitted by Section 6.4(a)(viii), (A) income statement items, cash flow statement items and balance sheet items (whether positive or negative) attributable to the property or assets disposed of shall be excluded from such calculations to the extent relating to such applicable period as if such Disposition had been consummated as of the first day of such applicable period, subject to adjustments mutually acceptable to the Borrower and the Required Lenders and (B) Indebtedness that is repaid with the proceeds of such Disposition shall be excluded from such calculations and deemed to have been repaid as of the first day of such applicable period.

For purposes of this Section 5.9, cost saving synergies and adjustments to income statement items, cash flow statement items and balance sheet items reflected in financial statements provided by the Credit Parties pursuant to this Credit Agreement shall be deemed accepted by the Required Lenders, unless the Required Lenders object to such items in writing within thirty (30) days of the submission of such financial statements; provided, that to the extent the Credit Parties revise any financial statements as a result of such objection by the Required Lenders, such financial statements shall be deemed delivered as of the date originally submitted for all purposes of this Credit Agreement (other than the thirty (30) day period set forth in this paragraph, which shall begin to run with respect to such revised financial statements when such revisions are submitted).

Notwithstanding the foregoing, with respect to any Target acquired pursuant to a Permitted Acquisition, beginning with the third full fiscal quarter end to occur after such Permitted Acquisition, income statement items and other balance sheet items (whether positive or negative) attributable to such Target and included in the

Section 5.10 Additional Guarantors calculations required by this Section 5.9 shall not exceed the actual results generated by such Target (except to the extent that income statement items and other balance sheet items that vary from actual items are approved (such approval not to be unreasonably withheld, delayed or conditioned) in writing by the Required Lenders) for the period beginning with the first day of the first full fiscal quarter that the Target's results are included in the Borrower's consolidated financial statements and ending as of the applicable date of calculation, annualized for the full period applicable to such calculation.

Section 5.10 Additional Guarantors.

(a) The Credit Parties will cause each of their Material Domestic Subsidiaries (and any other Domestic Subsidiary that is required to become a Guarantor pursuant to the definition of Material Domestic Subsidiary), whether newly formed, after acquired or otherwise existing (including upon the formation of any Material Domestic Subsidiary that is a Division Successor) to promptly (and in any event within 45 days after (as applicable) (i) such Material Domestic Subsidiary is formed or acquired or (ii) financial statements are delivered pursuant to Section 5.1 which demonstrate that a Domestic Subsidiary has become a Material Domestic Subsidiary (or, in the case of (i) or (ii), such longer period of time as agreed to by the Administrative Agent in its reasonable discretion)) become a Guarantor hereunder by way of execution of a Joinder Agreement.

(b) The Credit Parties will cause each of their Domestic Subsidiaries (including upon the formation of any Domestic Subsidiary that is a Division Successor) (other than PMG), to the extent not already a Guarantor hereunder as of the end of any fiscal year (beginning with the fiscal year ending December 31, 2018), to become a Guarantor hereunder by way of execution of a Joinder Agreement within ninety (90) days after the end of such fiscal year (or such longer period of time as agreed to by the Administrative Agent in its reasonable discretion); provided, however, that no Domestic Subsidiary shall be required to become a Guarantor pursuant to this Section 5.10(b) if such Domestic Subsidiary (i) would be required to obtain a third-party consent in connection with the execution and delivery of a Joinder Agreement, (ii) the execution and delivery of a Joinder Agreement would be prohibited by a provision of such Domestic Subsidiary's articles of incorporation, bylaws, operating agreement or other comparable charter documents or (iii) is a shell company with nominal assets and no or nominal business operations as of the end of such fiscal year.

(c) In connection with the foregoing Sections 5.10(a) and (b), the Credit Parties shall deliver to the Administrative Agent, with respect to each new Guarantor to the extent applicable, substantially the same documentation required pursuant to Sections 4.1(b) - (d) and such other documents or agreements as the Administrative Agent may reasonably request.

Section 5.11 Compliance with Law.

Comply with all Requirements of Law, the articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents, and orders (including Environmental Laws), and all applicable restrictions imposed by all Governmental Authorities applicable to it except (a) to the extent such Requirement of Law, articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents, order or restriction is being contested in good faith by appropriate proceedings diligently conducted or (b) to the extent noncompliance with any such Requirements of Law, articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents, order or restriction could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 5.12 Further Assurances.

(a) Public/Private Designation. The Credit Parties will cooperate with the Administrative Agent in connection with the publication of certain materials and/or information provided by or on behalf of the Credit Parties to the Administrative Agent and Lenders (collectively, "Information Materials") and will designate Information Materials (i) that are either available to the public or not material with respect to the Credit Parties and their Subsidiaries or any of their respective securities for purposes of United States federal and state securities laws, as "Public Information" and (ii) that are not Public Information as "Private Information," which Private Information the Administrative Agent and Lenders shall keep confidential, including from any securities trading, brokerage or securities analyst operations through appropriate "Chinese Wall" methods.

(b) Additional Information. The Credit Parties shall provide such information regarding the operations, business affairs and financial condition of the Credit Parties and their Subsidiaries as the Administrative Agent or any Lender may reasonably request.

(c) Visits and Inspections. Each of the Credit Parties shall permit representatives and independent contractors of the Administrative Agent and each Lender up to two times (in the aggregate for the Administrative Agent and all Lenders) during any twelve month period to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrower and at such reasonable times during normal business hours, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default under Section 7.1(a) or (f) exists, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice and without limit to the number of visits.

(d) Material Contracts. Upon the occurrence and during the continuance of a Default or an Event of Default, upon the request of the Administrative Agent, the Credit Parties shall provide a list of all Material Contracts, together with a copy of any Material Contract requested by the Administrative Agent (subject to any confidentiality restrictions therein).

(e) Post Closing Deliveries. Notwithstanding any provision herein or in any other Credit Document to the contrary, to the extent not actually delivered on or prior to the Closing Date, the Borrower shall, and shall cause each Credit Party, to take the actions set forth on Schedule 5.12(e) within the period set forth on Schedule 5.12(e).

Section 5.13 Collateral Matters. At all times following the occurrence of the Collateral Event:

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further customary actions (including the filing and recording of financing statements, fixture filings and other documents and recordings of Liens in stock registries), that may be required under any applicable law, or that the Administrative Agent may reasonably request, to cause the requirements of the occurrence of the Collateral Event to remain satisfied.

(b) If any additional Guarantor or Foreign Subsidiary or FSHCO is formed or acquired (including any Guarantor that is a Division Successor) after such Collateral Event, or if any additional Equity Interests of any Guarantor or Foreign Subsidiary or FSHCO are issued after such Collateral Event, (i) notify the Administrative Agent thereof, and (ii) within 30 Business Days after such date or such longer period as the Administrative Agent shall agree, (A) pledge all outstanding Equity Interests of such new Guarantor issued after such Collateral Event, pledge Equity Interests in such new Foreign Subsidiary or FSHCO issued after such Collateral Event up to an amount thereof that would qualify as "Collateral", pledge all new Equity Interests of the Guarantor issued after such Collateral Event, pledge Equity Interests of the Foreign Subsidiary or FSHCO issued after such Collateral Event up to an amount thereof that, together with other Equity Interests in such Foreign Subsidiary or FSHCO that have previously been pledged, would qualify as "Collateral", in each case to the Administrative Agent under the Collateral Agreement, except to the extent such Equity Interests constitute Excluded Assets, and (B) deliver to the Administrative Agent for the benefit of the Lenders and the Bank Product Providers all certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank.

(c) If any additional Guarantor or Foreign Subsidiary or FSHCO is formed or acquired (including any Guarantor that is a Division Successor) after the Collateral Event, deliver to the Administrative Agent within 30 Business Days after such date or such longer period as the Administrative Agent shall agree, (i) a supplement to the Collateral Agreement, in the form specified therein, duly executed and delivered on behalf of such Credit Party and (ii) supplements to the other Security Documents, if applicable, to cause the requirements of the occurrence of the Collateral Event to become satisfied with respect to such new Credit Party.

(d) Furnish to the Administrative Agent prompt written notice (and in any event within 30 days) of any change in (i) any Credit Party's corporate or organizational name, (ii) any Credit Party's organizational form or jurisdiction of organization, (iii) the location of any Credit Party's chief executive office or (iv) any Credit Party's organizational identification number.

ARTICLE VI

NEGATIVE COVENANTS

Each of the Credit Parties hereby covenants and agrees that on the Closing Date, and thereafter (a) for so long as this Agreement is in effect, (b) until the Commitments have terminated, (c) until no Note remains outstanding and unpaid and the Credit Party Obligations and all other amounts owing to the Administrative Agent or any Lender hereunder are paid in full, that:

Section 6.1 Indebtedness.

No Credit Party will, nor will it permit any Subsidiary to, contract, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness arising or existing under this Agreement and the other Credit Documents;

(b) Indebtedness of the Credit Parties and their Subsidiaries existing as of the Closing Date as referred to in the financial statements referenced in Section 3.1 (and set out more specifically in Schedule 6.1(b) hereto) and any renewals, refinancings or extensions thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension;

(c) Indebtedness of the Credit Parties and their Subsidiaries incurred after the Closing Date consisting of Capital Leases or Indebtedness incurred to provide all or a portion of the purchase price or cost of construction of an asset; provided that (i) such Indebtedness when incurred shall not exceed the purchase price or cost of construction of such asset; (ii) no such Indebtedness shall be renewed, refinanced or extended for a principal amount in excess of the principal balance outstanding thereon at the time of such renewal, refinancing or extension; and (iii) the total amount of all such Indebtedness at any time outstanding shall not exceed the greater of (i) \$125,000,000 and (ii) 2.5% of Consolidated Total Assets at such time;

(d) Unsecured intercompany Indebtedness among the Credit Parties or Subsidiaries of the Credit Parties that become Credit Parties within the time required by Section 5.10;

(e) Indebtedness and obligations owing under Hedging Agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(f) Guaranty Obligations in respect of Indebtedness of a Credit Party to the extent such Indebtedness is permitted to exist or be incurred pursuant to this Section;

(g) earnout obligations incurred, issued or assumed by any Credit Party as the deferred purchase price of property or services purchased by such Credit Party which appear as liabilities on a balance sheet of such Credit Party;

(h) other unsecured Indebtedness of Credit Parties; provided, that (i) the Credit Parties have delivered a certificate (including reasonably detailed supporting calculations related to the matters set forth in such certificate) of a Responsible Officer to the Administrative Agent to the effect that, after giving

effect to such Indebtedness on a Pro Forma Basis, no Default or Event of Default exists and the Credit Parties are in compliance with each of the financial covenants set forth in Section 5.9, (ii) the representations and warranties, affirmative covenants, negative covenants, financial covenants, defaults and events of default in the definitive documentation for such Indebtedness are no more restrictive than the terms and conditions set forth in the Credit Documents and (iii) the terms of any such Indebtedness shall not restrict payments by the Credit Parties of the Credit Party Obligations in any way; and

(i) Indebtedness of a Permitted JV to the extent the financial results of such Permitted JV are not Consolidated with the financial results of the Borrower and its Subsidiaries.

Section 6.2 Liens.

The Credit Parties will not, nor will they permit any Subsidiary (other than a Subsidiary that is a Permitted JV) to, contract, create, incur, assume or permit to exist any Lien with respect to any of their respective property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or hereafter acquired, except for Permitted Liens.

Section 6.3 Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries as of the Closing Date or any business substantially related or incidental thereto, except as approved by the Required Lenders (such approval not to be unreasonably withheld, conditioned or delayed).

Section 6.4 Consolidation, Merger, Sale or Purchase of Assets, etc.

The Credit Parties will not, nor will they permit any Subsidiary to,

(a) dissolve, liquidate or wind up its affairs, or sell, transfer, lease, consummate a Division as the Dividing Person or otherwise dispose of its property or assets (each a "Disposition") or agree to do so at a future time, except the following, without duplication, shall be expressly permitted:

(i) (A) the sale, transfer, lease or other disposition of inventory and materials in the ordinary course of business and (B) the conversion of cash into Cash Equivalents and Cash Equivalents into cash;

(ii) the sale, transfer or other disposition of property or assets to an unrelated party not in the ordinary course of business where and to the extent that they are the result of a Recovery Event;

(iii) the sale, lease, transfer or other disposition of (A) machinery, parts and equipment no longer used or useful in the conduct of the business of the Credit Parties or any of their Subsidiaries and (B) obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(iv) the sale, lease or transfer of property or assets from one Credit Party to another Credit Party or dissolution of any Credit Party to the extent any and all assets are distributed to another Credit Party;

(v) the termination of any Hedging Agreement;

(vi) Dispositions of equipment or real property to the extent that (A) such property is exchanged for credit against the purchase price of similar replacement property within twelve (12) months of such Disposition or (B) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property within 12 months of such Disposition;

(vii) the licensing of Intellectual Property in the ordinary course of business consistent with past practice;

(viii) Dispositions by the Borrower or any Subsidiary; provided that at any time after the Collateral Event, (i) with respect to asset sales for more than \$300,000,000 per disposition or series of related dispositions, at least 75% of the consideration for any such asset sale shall consist of cash or cash equivalents (provided that for purposes of the 75% cash consideration requirement (x) the amount of any Indebtedness or other liabilities of the Borrower or any Subsidiary (as shown on such person's most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets, (y) the amount of any trade-in value applied to the purchase price of any replacement assets acquired in connection with such asset sale, and (z) any securities received by the Borrower or such Subsidiary from such transferee that are converted by the Borrower or such Subsidiary into cash or cash equivalents (to the extent of the cash or cash equivalents received) within 270 days following the closing of the applicable asset sale, shall each be deemed to be cash or cash equivalents) and (ii) immediately prior to the consummation of such asset sale, no Event of Default shall have occurred and be continuing and no Event of Default shall result therefrom;

(ix) the sale, lease or transfer of property or assets as part of a Sale and Leaseback Transaction;

(x) the merger of a Credit Party or a Subsidiary thereof with another Credit Party or a Subsidiary thereof to the extent permitted by Section 6.4(b)(ii) below;

(xi) Dispositions of Equity Interests in Permitted JVs pursuant to the terms of the joint venture or equivalent agreements governing such Permitted JVs so long as such joint venture or equivalent agreements are not solely between Persons that are Credit Parties, Subsidiaries or Affiliates of Credit Parties;

(xii) terminations of leases by a Credit Party or a Subsidiary in the ordinary course of business that do not interfere in any material respect with the business of the Credit Parties or their Subsidiaries; ~~and~~

(xiii) any Subsidiary that is an LLC may consummate a Division as the Dividing Person if, immediately upon the consummation of the Division, the assets of the applicable Dividing Person are held by one or more Subsidiaries at such time, or, with respect to assets not so held by one or more Subsidiaries, such Division, in the aggregate, would otherwise result in a Disposition permitted by Section 6.4(a)(viii) or (x) above; and

~~(xiv)~~ any sale, transfer, assignment, disposition, abandonment or lapse of Intellectual Property that is no longer commercially practicable, usable or desirable in the conduct of business, in the ordinary course of business;

provided that (A) after giving effect to any Disposition pursuant to clauses (viii) and (xi) above, the Credit Parties shall be in compliance on a Pro Forma Basis with the financial covenants set forth in Section 5.9 hereof, recalculated for the most recently ended month for which information is available, and (B) with respect to clauses (v), (vi), (viii) and (xi) above, no Default or Event of Default shall exist or shall result therefrom; or

(b) (i) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) the property or assets of any Person, other than (A) Permitted Investments and (B) except as otherwise limited or prohibited herein, purchases or other acquisitions of inventory, materials, property and equipment in the ordinary course of business, or (ii) consummate any transaction of merger, Division as the Dividing Person or consolidation, except for (A) Investments or acquisitions (including pursuant to a Division) permitted pursuant to Section 6.5 so long as the Credit Party subject to such merger-~~or~~, Division

or consolidation is the surviving entity, (B) (y) the merger or consolidation of a Subsidiary that is not a Credit Party with and into a Credit Party; provided that such Credit Party will be the surviving entity and (z) the merger or consolidation of a Credit Party with and into another Credit Party; provided that if the Borrower is a party thereto, the Borrower will be the surviving corporation and, (C) the merger or consolidation of a Subsidiary that is not a Credit Party with and into another Subsidiary that is not a Credit Party; and (D) any Credit Party or any Subsidiary may consummate a Division as the Dividing Person if, immediately upon the consummation of the Division, (x) the assets of the applicable Dividing Person are held by a Credit Party or one or more Subsidiaries at such time or, (y) with respect to assets not held by a Credit Party or one or more Subsidiaries, such Division, in the aggregate, would otherwise be permitted by this Section 6.4 (without reliance on this subclause (D)) and/or Section 6.5.

Section 6.5 Investments and Acquisitions.

The Credit Parties will not, nor will they permit any Subsidiary (other than a Subsidiary that is a Permitted JV) to, make any Investment or contract to make any Investment except for Permitted Investments.

Section 6.6 Transactions with Affiliates.

Other than execution, consummation and performance of each Management Agreement and Restrictive Agreement, the Credit Parties will not, nor will they permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate (other than a Subsidiary) other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an officer, director, shareholder or Affiliate, it being understood that payments of insurance premiums by any Credit Party to PMG shall not violate this Section 6.6. Notwithstanding the foregoing, this Section 6.6 shall not apply to (a) any transaction that involves an amount less than or equal to the greater of (i) \$120,000 or (ii) the amount set forth in Item 404(a) of Regulation S-K of the SEC as in effect from time to time; provided, that such amount shall not exceed \$250,000, (b) any transaction pertaining to director or executive officer compensation, benefits and perquisites that are approved in accordance with the charter of the Compensation Committee of the Borrower's Board of Directors or by the Borrower's Board of Directors and (c) any transaction between a Credit Party or a Subsidiary thereof and another Credit Party or a Subsidiary thereof.

Section 6.7 Ownership of Subsidiaries; Restrictions.

The Credit Parties will not sell, transfer, pledge or otherwise dispose of any Equity Interest or other equity interests in any of their Subsidiaries, nor will they permit any of their Subsidiaries to issue, sell, transfer, pledge or otherwise dispose of any of their Equity Interest or other equity interests, except in a transaction permitted by Section 6.4 or pursuant to the exercise of rights under a Restrictive Agreement.

Section 6.8 Corporate Changes; Material Contracts.

No Credit Party will, nor will it permit any of its Subsidiaries to, (a) change its fiscal year, (b) amend, modify or change its articles of incorporation, certificate of designation (or corporate charter or other similar organizational document) operating agreement or bylaws (or other similar document) in any respect materially adverse to the interests of the Lenders without the prior written consent of the Required Lenders; provided that no Credit Party shall (i) except as permitted under Section 6.4, alter its legal existence or, in one transaction or a series of transactions, merge into or consolidate with any other entity or consummate a Division as the Dividing Person, (ii) sell all or substantially all of its assets, (iii) change its state of incorporation or organization or (iv) change its registered legal name, without providing thirty (30) days prior written notice to the Administrative Agent, (c) have any oral operating agreement (or other similar agreement) or enter into a written operating agreement which regulates the affairs of such Credit Party, the conduct of its business, establishes duties, and/or governs the relations among any members, managers and such Credit Party in either case that is materially adverse to the interests of the Lenders, it being further agreed that if any such oral or written agreement is entered into, the Borrower shall provide a materially complete description of such oral agreement or a copy of such written agreement to the Administrative Agent within five (5) Business Days thereafter, (d) amend, modify, cancel or terminate or refuse to renew or extend or permit the amendment, modification, cancellation or termination of any of its Material Contracts to the extent

such amendment, modification, cancellation or termination could reasonably be expected to have a Material Adverse Effect, (e) have more than one state of incorporation, organization or formation or (f) change its accounting method (except in accordance with GAAP or as required by a change in Tax law) in any manner adverse to the interests of the Lenders without the prior written consent of the Required Lenders.

Section 6.9 Limitation on Restricted Actions.

The Credit Parties will not, nor will they permit any Subsidiary (other than a Subsidiary that is a Permitted JV) to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Person to (a) pay dividends or make any other distributions to any Credit Party on its Equity Interest or with respect to any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to any Credit Party, (c) make loans or advances to any Credit Party, (d) sell, lease or transfer any of its properties or assets to any Credit Party, or (e) act as a Guarantor pursuant to the Credit Documents or any renewals, refinancings, exchanges, refundings or extension thereof or amend or otherwise modify the Credit Documents, except (in respect of any of the matters referred to in clauses (a)-(d) above) for such encumbrances or restrictions existing under or by reason of (i) this Agreement and the other Credit Documents, (ii) applicable law, (iii) any document or instrument governing Indebtedness incurred pursuant to Section 6.1(c); provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (iv) any Permitted Lien or any document or instrument governing any Permitted Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (v) customary provisions in leases restricting the assignment thereof, or (vi) any Management Agreement.

Section 6.10 Restricted Payments.

The Credit Parties will not, nor will they permit any Subsidiary to, directly or indirectly, declare, order, make or set apart any sum for or pay any Restricted Payment, except:

(a) to make dividends payable solely in the same class of Equity Interest of such Person;

(b) to make Restricted Payments to any Credit Party;

(c) to purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new shares of its common stock or other common Equity Interests;

(d) so long as after giving effect to such payments the Credit Parties shall be in compliance with each of the financial covenants set forth in Section 5.9 hereof, to make regularly scheduled payments of (i) interest to the holders of Subordinated Debt and (ii) principal to the holders of Subordinated Debt incurred in connection with any Permitted Acquisition, in each case in accordance with the terms thereof;

(e) any payment with respect to any earnout obligation incurred as the deferred purchase price of property or services purchased by such Person;

(f) to make other Restricted Payments in an aggregate amount not to exceed the greater of (x) \$100,000,000 in any fiscal year and (y) an unlimited amount so long as, with respect to clause (y) after giving effect to each such Restricted Payment on a Pro Forma Basis (i) no Default or Event of Default shall then exist or would result therefrom and (ii) the Consolidated Net Leverage Ratio of the Credit Parties would be less than or equal to 3.75 to 1.00;

(g) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interest of any Permitted JV, now or hereafter outstanding; and

(h) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interest of any Permitted JV, now or hereafter outstanding.

Section 6.11 Amendment of Subordinated Debt.

The Credit Parties will not, nor will they permit any Subsidiary (other than Indebtedness incurred pursuant to Section 6.1(i) by a Subsidiary that is a Permitted JV) to, without the prior written consent of the Required Lenders, amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt in a manner that is materially adverse to the interests of the Lenders.

Section 6.12 No Further Negative Pledges.

The Credit Parties will not, nor will they permit any Subsidiary (other than a Subsidiary that is a Permitted JV) to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon any of their properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (a) pursuant to this Agreement and the other Credit Documents, (b) pursuant to any document or instrument governing Indebtedness incurred pursuant to Section 6.1(c); provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (c) pursuant to any document or instrument governing Indebtedness incurred pursuant to Sections 6.1(f) or 6.1(h), (d) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (e) customary provisions in leases restricting the assignment thereof and (f) pursuant to any Management Agreement to the extent that any such Management Agreement is subject to the provisions of Section 9.23.

Section 6.13 Restrictions Regarding PMG.

(a) The Borrower will not, at any time, own less than 100% of the Equity Interests of PMG and (b) PMG shall not engage in any business, or have any operations or liabilities, other than providing insurance services in the nature of a “captive” insurance company.

Section 6.14 Use of Proceeds and Letters of Credit.

(a) The Borrower will not request any Loans or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loans or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1 Events of Default.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an “Event of Default”):

(a)Payment. (i) The Borrower shall fail to pay any principal on any Loan or Note when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof or thereof; (ii) the Borrower shall fail to reimburse the Issuing Lenders for any LOC Obligations when due

(whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof; (iii) the Borrower shall fail to pay any interest on any Loan or any fee or other amount payable hereunder when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof and such failure shall continue unremedied for three (3) Business Days; or (iv) any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations hereunder (after giving effect to the grace period in clause (iii)); or

(b) Misrepresentation. Any representation or warranty made or deemed made herein or in any of the other Credit Documents or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall (i) with respect to representations and warranties that contain a materiality qualification, prove to have been incorrect, false or misleading and (ii) with respect to representations and warranties that do not contain a materiality qualification, prove to have been incorrect, false or misleading in any material respect, in each case on or as of the date made or deemed made; or

(c) Covenant Default. (i) Any Credit Party shall fail to perform, comply with or observe any term, covenant or agreement applicable to it contained in Sections 5.1 (financial statements), 5.2(a) (accountants' certificate), 5.2(b) (officer's certificate), 5.7(a) (notices), 5.9 (financial covenants), or Article VI hereof; (ii) any Credit Party shall fail to comply with Section 5.5(b) (insurance) and, with respect to this clause (ii) only, such breach or failure to comply is not cured within thirty (30) days after its occurrence or (iii) any Credit Party shall fail to comply with any other covenant contained in this Agreement or the other Credit Documents or any other agreement, document or instrument among any Credit Party, the Administrative Agent and the Lenders or executed by any Credit Party in favor of the Administrative Agent or the Lenders (other than as described in Sections 7.1(a), 7.1(c)(i) or 7.1(c)(ii) above) and, with respect to this clause (iii) only, such breach or failure to comply is not cured within the earlier of (A) thirty (30) days after the Borrower became aware of its occurrence or (B) forty-five (45) days after its occurrence; or

(d) Material Indebtedness Cross-Default. (i) Any Credit Party or any of its Subsidiaries shall default in any payment of principal or of interest on any Indebtedness (other than the Loans, Reimbursement Obligations, the Guaranty and any other amounts payable under the Credit Documents) in a principal amount outstanding of at least \$60,000,000 for the Credit Parties and any of their Subsidiaries in the aggregate beyond any applicable grace period, if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) any Credit Party or any of its Subsidiaries shall default in the observance or performance of any other agreement or condition relating to any Indebtedness (other than the Loans, Reimbursement Obligations, the Guaranty and any other amounts payable under the Credit Documents) in a principal amount outstanding of at least \$60,000,000 in the aggregate for the Credit Parties and their Subsidiaries or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, all of such Indebtedness to become immediately due and payable prior to its stated maturity or to be repurchased, prepaid, deferred or redeemed (automatically or otherwise); or (iii) there occurs under any Hedging Agreement that is a Bank Product an Early Termination Date (as defined in such Hedging Agreement) resulting from (A) any event of default under such Hedging Agreement as to which the Borrower or any Subsidiary is the Defaulting Party (as defined in such Hedging Agreement) or (B) any Termination Event (as defined in such Hedging Agreement) under such Hedging Agreement as to which the Borrower or any Subsidiary is an Affected Party (as defined in such Hedging Agreement) and, in either event, the Swap Termination Value owed by such Person as a result thereof is greater than \$7,500,000; or

(e) Other Cross-Defaults. To the extent any such default could reasonably be expected to have a Material Adverse Effect, the Credit Parties or any of their Subsidiaries shall default in (i) the payment when due under any Material Contract or (ii) the performance or observance, of any obligation or condition of any Material Contract and, in the case of this clause (ii) only, such failure to perform or observe such other obligation or condition continues unremedied for a period of thirty (30) days after notice of the occurrence of such default (or such longer grace or cure period as provided in the Material Contract) unless, but only as long as, the existence of any such default is being contested by the Credit Parties in good faith by appropriate proceedings and adequate reserves in respect thereof have been established on the books of the Credit Parties to the extent required by GAAP; or

(f) **Bankruptcy Default.** (i) A Credit Party or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or a Credit Party or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against a Credit Party or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against a Credit Party or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of their assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) a Credit Party or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) a Credit Party or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing their inability to, pay its debts as they become due; or

(g) **Judgment Default.** One or more judgments or decrees shall be entered against a Credit Party or any of its Subsidiaries involving in the aggregate a liability (to the extent not covered by insurance) of \$75,000,000 or more and all such judgments or decrees shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal within twenty (20) Business Days from the entry thereof or any injunction, temporary restraining order or similar decree shall be issued against a Credit Party or any of its Subsidiaries that, individually or in the aggregate, could result in a Material Adverse Effect; or

(h) **ERISA Default.** The occurrence of any of the following: (i) Any Person shall engage in any “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any “accumulated funding deficiency” (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan (other than a Permitted Lien) shall arise on the assets of the Credit Parties or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) a Credit Party, any of its Subsidiaries or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, any Multiemployer Plan or (vi) any other similar event or condition shall occur or exist with respect to a Plan, which in any of the foregoing cases in clauses (i) through (vi), results in a liability to any Credit Party in excess of \$30,000,000; or

(i) **Change of Control.** There shall occur a Change of Control; or

(j) **Invalidity of Guaranty.** At any time after the execution and delivery thereof, the Guaranty, for any reason other than the satisfaction in full of all Credit Party Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void, or any Credit Party shall contest the validity, enforceability, perfection or priority of the Guaranty, any Credit Document, or any Lien granted thereunder in writing or deny in writing that it has any further liability, including with respect to future advances by the Lenders, under any Credit Document to which it is a party; or

(k) Invalidity of Credit Documents. Any Credit Document shall fail to be in full force and effect or to give the Administrative Agent and/or the Lenders the security interests, liens, rights, powers, priority and privileges purported to be created thereby (except as such documents may be terminated or no longer in force and effect in accordance with the terms thereof, other than those indemnities and provisions which by their terms shall survive); or

(l) Licenses/Permits/Certifications/Qualifications. (i) A state or federal regulatory agency or other Governmental Authority shall have revoked, cancelled, failed to renew or adversely modified any license, permit, certificate, authorization or Government Reimbursement Program qualification pertaining to the business of any Credit Party, regardless of whether such license, permit, certificate, authorization or qualification was held by or originally issued for the benefit of such Credit Party, a tenant or any other Person except where such revocation could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (ii) any of the Credit Parties or their Subsidiaries or their officers, employees or agents engage in activities which are prohibited by any of the federal Medicare and Medicaid Anti-Kickback States, 42 U.S.C. §§1320a-7b, the Ethics In Patient Referrals Act (the "Stark Law"), 42 U.S.C. §§1395nn, as amended, the regulations promulgated thereunder, or related state or local statutes or regulations or which are prohibited by rules of professional conduct, except where failure to do so could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; or

(m) Subordinated Debt. The subordination provisions contained in any Subordinated Debt shall cease to be in full force and effect or shall cease to give the Lenders the rights, powers and privileges purported to be created thereby; or

(n) Classification as Senior Debt. The Credit Party Obligations shall cease to be classified as "Senior Indebtedness," "Designated Senior Indebtedness" or any similar designation under any Subordinated Debt instrument; or

(o) Liens. At any time following the Collateral Event, (i) any Lien on any material portion of the Collateral granted in connection therewith or required to be granted pursuant to Section 5.13 to the Administrative Agent ceases to be a valid and perfected Lien (or the priority of such Lien ceases to be in full force and effect), except to the extent that any such loss of validity, perfection or priority results from the failure of the Agent to maintain possession of Collateral requiring perfection through control or to file or record any document, or (ii) any material provision of any Security Document ceases to be in full force and effect or any Credit Party denies in writing the enforceability thereof.

Once a Default occurs under the Credit Documents, then such Default will continue to exist until it either is cured (to the extent specifically permitted) in accordance with the Credit Documents or is otherwise expressly waived by Administrative Agent (with the approval of requisite Lenders (in their sole and absolute discretion) as determined in accordance with Section 9.1); and once an Event of Default occurs under the Credit Documents, then such Event of Default will continue to exist until it is cured to the satisfaction of, or expressly waived by, Administrative Agent with the approval of the requisite Lenders, as required hereunder (in their sole and absolute discretion) in Section 9.1.

Section 7.2 Acceleration; Remedies

Upon the occurrence and during the continuance of an Event of Default, then, and in any such event, (a) if such event is a Bankruptcy Event, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon), and all other amounts under the Credit Documents (including, without limitation, the maximum amount of all contingent liabilities under Letters of Credit) shall immediately become due and payable, and (b) if such event is any other Event of Default, any or all of the following actions may be taken: (i) with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; (ii) the Administrative Agent may, or upon the written request of the

Required Lenders, the Administrative Agent shall, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes to be due and payable forthwith and direct the Borrower to pay to the Administrative Agent Cash Collateral as security for the LOC Obligations for subsequent drawings under then outstanding Letters of Credit an amount equal to the maximum amount of which may be drawn under Letters of Credit then outstanding, whereupon the same shall immediately become due and payable; and/or (iii) with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, exercise such other rights and remedies as provided under the Credit Documents and under applicable law.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Section 8.1 Appointment and Authority.

Each of the Lenders and each of the Issuing Lenders hereby irrevocably appoints JPMCB to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lenders, and neither the Borrower nor any other Credit Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Credit Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 8.2 Nature of Duties.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndication agent or other agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Credit Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuing Lender hereunder. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any subagents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 8.3 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its obligations hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Credit Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Credit Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.1 and 7.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by the Borrower, a Lender or an Issuing Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 8.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or such Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or such Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is

a “notice of default.” In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not taken, only with the consent or upon the authorization of the Required Lenders, or all of the Lenders, as the case may be.

Section 8.6 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender and each Issuing Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of any Credit Party, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender and each Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

Section 8.7 Indemnification.

The Lenders agree to indemnify the Administrative Agent, the Issuing Lenders and their Affiliates and their respective officers, directors, agents and employees (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Credit Party Obligations) be imposed on, incurred by or asserted against any such indemnitee in any way relating to or arising out of any Credit Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by any such indemnitee under or in connection with any of the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from such indemnitee’s gross negligence or willful misconduct, as determined by a court of competent jurisdiction. The agreements in this Section shall survive the termination of this Agreement and payment of the Notes, any Reimbursement Obligation and all other amounts payable hereunder.

Section 8.8 Administrative Agent in Its Individual Capacity.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Credit Parties or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 8.9 Successor Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States (other than a Defaulting Lender), or an Affiliate of any such bank with an office in the United States, and which appointment shall, provided no Event of Default exists under Section 7.1(a) or (f), be subject to the Borrower's approval, which approval shall not be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Borrower and the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above, which appointment shall, provided no Event of Default exists under Section 7.1(a) or (f), be subject to the Borrower's approval, which approval shall not be unreasonably withheld or delayed. Whether or not a successor has been appointed, such resignation shall nonetheless become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person, remove such Person as Administrative Agent and appoint a successor, which appointment shall, provided no Event of Default exists under Section 7.1(a) or (f), be subject to the Borrower's approval, which approval shall not be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Borrower and the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any Collateral held by the Administrative Agent on behalf of the Lenders or the Issuing Lenders under any of the Credit Documents, the retiring Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each Issuing Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation or removal hereunder and under the other Credit Documents, the provisions of this Article and Section 9.5 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

(d) Any resignation by JPMCB, as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuing Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of JPMCB in its capacity as a retiring Issuing Lender, (ii) such retiring Issuing Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Credit Documents, and (iii) the successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Lender to effectively assume the obligations of such retiring Issuing Lender with respect to such Letters of Credit. Such resignation shall not affect the validity or effectiveness of any Letter of Credit issued prior to such resignation by JPMCB as Administrative Agent.

Section 8.10 Guaranty Matters.

(a) The Lenders and each Bank Product Provider irrevocably authorize and direct the Administrative Agent to release any Guarantor from its obligations under the applicable Guaranty if such Person ceases to be a Guarantor as a result of a transaction permitted hereunder.

(b) In connection with a termination or release pursuant to this Section, the Administrative Agent shall promptly execute and deliver to the applicable Credit Party, at the Borrower's expense, all documents that the applicable Credit Party shall reasonably request to evidence such termination or release. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Guarantor from its obligations under the Guaranty pursuant to this Section.

Section 8.11 Bank Products.

Except as otherwise provided herein, no Bank Product Provider that obtains the benefits of Sections 2.8 and 7.2 or any Guaranty by virtue of the provisions hereof or of any Guaranty shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Credit Document other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Credit Documents. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Credit Party Obligations arising under Bank Products unless the Administrative Agent has received written notice of such Credit Party Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Bank Product Provider.

Section 8.12 Withholding Tax.

To the extent required by any Requirements of Law (as determined in good faith by the Administrative Agent), the Administrative Agent may withhold from any payment to any Lender under any Credit Document an amount equivalent to any applicable withholding Tax. Without limiting or expanding the provisions of Section 2.16, each Lender shall indemnify and hold harmless the Administrative Agent against, and shall make payable in respect thereof within 10 days after demand therefor, any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by the IRS or any other Governmental Authority as a result of the failure of the Administrative Agent to properly withhold Tax from amounts paid to or for the account of such Lender for any reason (including because the appropriate form was not delivered or not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstance that rendered the exemption from, or reduction of withholding Tax ineffective). A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Credit Document against any amount due the Administrative Agent under this Section 8.12. The agreements in this Section 8.12 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations. For the avoidance of doubt, the term "Lender" shall, for purposes of this Section 8.12, include any Issuing Lender.

ARTICLE IX**MISCELLANEOUS****Section 9.1 Amendments and Waivers.**

(a) Subject to Section 2.13(b), Section 2.22(d) and Section 9.1(b) below, neither this Agreement nor any of the other Credit Documents, nor any terms hereof or thereof may be amended, modified, extended, restated, replaced, or supplemented (by amendment, waiver, consent or otherwise) except in accordance with the provisions of this Section. The Required Lenders may or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications

hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive or consent to the departure from, on such terms and conditions as the Required Lenders may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; provided, however, that no such amendment, supplement, modification, release, waiver or consent shall:

- (i) reduce the amount or extend the scheduled date of maturity of any Loan or Note or any installment thereon, or reduce the amount or stated rate of any interest or fee payable hereunder (except in connection with a waiver of interest at the increased post-default rate set forth in Section 2.8 which shall be determined by a vote of the Required Lenders) or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby; or
- (ii) amend, modify or waive any provision of this Section or reduce the percentage specified in the definition of Required Lenders or Required Facility Lenders, without the written consent of all the Lenders; or
- (iii) release the Borrower or all or substantially all of the Guarantors from obligations under the Guaranty, without the written consent of all of the Lenders and Bank Product Providers; or
- (iv) subordinate the Loans to any other Indebtedness without the written consent of all of the Lenders; or
- (v) permit a Letter of Credit to have an original expiry date more than twelve (12) months from the date of issuance without the consent of each of the Revolving Lenders; provided, that the expiry date of any Letter of Credit may be extended in accordance with the terms of Section 2.3(a); or
- (vi) permit the Borrower to assign or transfer any of its rights or obligations under this Agreement or other Credit Documents without the written consent of all of the Lenders; or
- (vii) amend, modify or waive any provision of the Credit Documents requiring consent, approval or request of the Required Lenders or Required Facility Lenders or all Lenders without the written consent of the Required Lenders or Required Facility Lenders or all the Lenders as appropriate; or
- (viii) amend, modify or waive the order in which Credit Party Obligations are paid or in a manner that would alter the pro rata sharing of payments by and among the Lenders in Section 2.11(b) or 9.7(b) without the written consent of each Lender and each Bank Product Provider directly affected thereby; or
- (ix) amend, modify or waive any provision of Article VIII without the written consent of the then Administrative Agent; or
- (x) amend or modify the definition of Credit Party Obligations to delete or exclude any obligation or liability described therein without the written consent of each Lender and each Bank Product Provider directly affected thereby; or
- (xi) amend the definitions of "Hedging Agreement," "Bank Product," or "Bank Product Provider" without the consent of any Bank Product Provider that would be adversely affected thereby; or
- (xii) at any time following the Collateral Event, release all or substantially all of the Collateral without the written consent of each Lender; or
- (xiii) allow the Credit Parties to Dispose of all or substantially all of their assets, without the written consent of all of the Lenders and Bank Product Providers.

provided, further, that no amendment, waiver or consent affecting the rights or duties of the Administrative Agent or any Issuing Lender under any Credit Document shall in any event be effective, unless in writing and signed by the Administrative Agent and such Issuing Lender, in addition to the Lenders required hereinabove to take such action.

Notwithstanding the foregoing, any amendment that would require the approval of the Required Lenders as set forth above but only affects the Revolving Lenders (including, for the avoidance of doubt, paragraphs (a) through (d) and (f) of Section 4.2, insofar as they apply to the borrowing of Revolving Loans) or the Incremental Lenders of any series shall instead require the approval of the applicable Required Facility Lenders (in addition to any other approvals that would otherwise be required).

Any such waiver, any such amendment, supplement or modification and any such release shall apply equally to each of the Lenders and shall be binding upon the Borrower, the other Credit Parties, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Borrower, the other Credit Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Loans and Notes and other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding any of the foregoing to the contrary, the consent of the Borrower and the other Credit Parties shall not be required for any amendment, modification or waiver of the provisions of Article VIII (other than the provisions of Section 8.9).

Notwithstanding any of the foregoing to the contrary, the Credit Parties and the Administrative Agent, without the consent of any Lender, may enter into any amendment, modification or waiver of any Credit Document, or enter into any new agreement or instrument, to correct any obvious error or omission of a technical nature, in each case that is immaterial (as determined by the Administrative Agent), in any provision of any Credit Document, if the same is not objected to in writing by the Required Lenders within five (5) Business Days following receipt of notice thereof.

Notwithstanding (x) the fact that the consent of all the Lenders or of each Lender directly affected thereby is required in certain circumstances as set forth above or (y) anything to the contrary contained in this Agreement, (a) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein, (b) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and (c) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except (i) that the Commitment of such Lender may not be increased or extended without the consent of such Lender and (ii) to the extent such amendment, waiver or consent impacts such Defaulting Lender more than the other Lenders.

For the avoidance of doubt and notwithstanding any provision to the contrary contained in this Section 9.1, this Agreement may be amended (or amended and restated) with the written consent of the Credit Parties and the Administrative Agent in accordance with Section 2.22.

(b) If the Administrative Agent and the Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Credit Document, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

Section 9.2 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

- (i) If to the Borrower or any other Credit Party:

1301 Concord Terrace
Sunrise, Florida 33323
Attention: Chief Financial Officer and General Counsel
Telephone: (954) 384-0175
Fax: (954) 384-7657

- (ii) If to the Administrative Agent:

JPMorgan Chase Bank, N.A., as Administrative Agent
10 South Dearborn, Level 2
Chicago, Illinois 60603-2300
Attention: Jonathan Dowdy
Telephone: (312) 732-1891
Fax: (888) 292-9533
Email: jpm.agency.servicing.1@jpmchase.com

with a copy to:

Cahill Gordon & Reindel LLP
80 Pine Street
New York, New York 10005
Attention: Jennifer B. Ezring
Telephone: (212) 701-3822
Fax: (212) 378-2415
Email: jezring@cahill.com

- (iii) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or any Issuing Lender pursuant to Article II if such Lender or such Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) Each Credit Party agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission system (the "Platform").

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications effected thereby. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its affiliates or any of their respective officers, directors, employees, agents, advisors or representatives (collectively, "Agent Parties") have any liability to the Credit Parties, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of Communications through the Platform, unless determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of an Agent Party or from any material breach by an Agent Party of the obligations owing by it to the Credit Parties under this Agreement or the other Credit Documents.

Section 9.3 No Waiver; Cumulative Remedies.

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 9.4 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans; provided that all such representations and warranties shall terminate on the date upon which the Commitments have been terminated and all amounts owing hereunder and under any Notes have been paid in full.

Section 9.5 Payment of Expenses; Indemnity.

(a) Costs and Expenses. The Credit Parties shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Arrangers (including the reasonable and documented fees, charges and disbursements of one external counsel for the Administrative Agent and the Arrangers, taken as a whole, and one external local counsel for the Administrative Agent and the Arrangers, taken as a whole, in each jurisdiction if required), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by any Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket fees and expenses incurred by the Administrative Agent, any Lender, any Issuing Lender (including the reasonable and documented fees, charges and disbursements of one external counsel for the Administrative Agent, the Lenders and the Issuing Lenders, taken as a whole, and one external local counsel for the Administrative Agent, the Lenders and the Issuing Lenders, taken as a whole (and to the extent any such person determines, after consultation with legal

counsel, that an actual or potential conflict may require use of separate counsel by such person, separate legal counsel (including separate local counsel for such person)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Credit Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Credit Parties. The Credit Parties shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender, each Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related expenses (including the reasonable and documented fees, charges and disbursements of one external counsel for the Indemnitees, taken as a whole, and one external local counsel for the Indemnitees, taken as a whole, in each applicable jurisdiction if required (and to the extent an Indemnitee determines, after consultation with legal counsel, that an actual or potential conflict may require use of separate counsel by such Indemnitee, separate legal counsel (including separate local counsel) for such Indemnitee)), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Materials of Environmental Concern on or from any property owned or operated by any Credit Party or any of its Subsidiaries, or any liability under Environmental Law related in any way to any Credit Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Credit Party, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee, (B) result from a claim brought by the Borrower or any other Credit Party against such Indemnitee for material breach of such Indemnitee’s obligations hereunder or under any other Credit Document, if the Borrower or such Credit Party has obtained a final non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction, (C) arise from disputes arising solely among Indemnitees that do not involve any act or omission by any Credit Party or their respective Affiliates and are unrelated to any dispute involving the Administrative Agent in its capacity as such, or any claim by, the Administrative Agent, any Lender or any Issuing Lender against any Credit Party or its Affiliates, or (D) are payable as a result of a settlement agreement related to the foregoing effected without the written consent of the Borrower (which consent shall not to be unreasonably withheld or delayed); provided that (i) such consent shall be deemed given in the event that the Borrower has not objected thereto in writing within 15 days after receiving written notice thereof, (ii) such consent shall not be required if any Credit Party has defaulted under its indemnification obligations (including obligations to indemnify the Indemnitees for legal fees and expenses related to such matter as requested by an Indemnitee from time to time) and (iii) no such consent shall be required if there is a final judgment against an Indemnitee in any proceeding; provided, further however, that such Indemnitee shall promptly refund any amount to the extent that there is a final, non-appealable judicial determination that such Indemnitee was not entitled to indemnification or contribution rights with respect to such payment pursuant to the express terms of this Section 9.5(b). This Section 9.5(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Credit Parties for any reason fail to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), any Issuing Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuing Lender or such Related Party, as the case may be, such Lender’s Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), any Issuing Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or any Issuing Lender in connection with such capacity.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, none of the parties hereto or any Indemnitee shall assert, and each of them hereby waives, any claim against any other Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; provided, that such waiver shall not apply to any parties or any Indemnitee's right to indemnification hereunder for losses, claims, penalties, damages, liabilities and related expenses incurred by any party or Indemnitee as a result of a claim by any third party. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the bad faith, gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable promptly/not later than five (5) Business Days after written demand therefor.

(f) Survival. The agreements contained in this Section shall survive the resignation of the Administrative Agent and the replacement of any Issuing Lender, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of the Credit Party Obligations.

Section 9.6 Successors and Assigns; Participations.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to

such assignment is delivered to the Administrative Agent or, if “Trade Date” is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000 (provided, however, that simultaneous assignments shall be aggregated in respect of a Lender and its Approved Funds), unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default under Section 7.1(a) or (f) has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower will be deemed to have consented to any assignment to which it has not objected within ten (10) Business Days after receipt of a request for consent to such assignment;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of a Revolving Commitment if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the Issuing Lenders (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of a Revolving Commitment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that only one (1) such fee shall be payable in respect of simultaneous assignments by a Lender and its Approved Funds), and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to any Person that is not an Eligible Assignee.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit in accordance with its Revolving Commitment Percentage in the case of Revolving Lenders or its applicable Commitment Percentage in the case of Incremental Lenders. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.14 and 9.5 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Charlotte, North Carolina a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and related interest amounts) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or any Credit Party or any Credit Party's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 9.5(c) with respect to any payments made by such Lender to its Participant (s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that affects such Participant. Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14 and 2.16 (subject to the requirements and limitations of such Sections and Section 2.19, and it being understood that the documentation required under Section 2.16(e) and (f) shall be delivered solely to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.7 as though it were a Lender, provided such Participant agrees to be subject to Section 2.11 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and related interest amounts) of each Participant's interest in the Loans or other obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 2.14 and 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent (not to be unreasonably withheld or delayed).

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 9.7 Right of Setoff; Sharing of Payments

(a) If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such Issuing Lender or any such Affiliate to or for the credit or the account of the Borrower or any other Credit Party against any and all of the obligations of the Borrower or such Credit Party now or hereafter existing under this Agreement or any other Credit Document to such Lender or such Issuing Lender, irrespective of whether or not such Lender or such Issuing Lender shall have made any demand under this Agreement or any other Credit Document and although such obligations of the Borrower or such Credit Party may be contingent or unmatured or are owed to a branch, office or affiliate of such Lender or such Issuing Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.21 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders and the other Lenders, and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Credit Party Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each Issuing Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Lender or their respective Affiliates may have. Each Lender and each Issuing Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

(b) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify the Administrative Agent of such fact, and (ii) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(A) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(B) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in Letters of Credit to any assignee or participant, other than to any Credit Party or any Subsidiary thereof (as to which the provisions of this paragraph shall apply) or (z) any amounts received by any Issuing Lender to secure the obligations of a Defaulting Lender to fund risk participations hereunder.

(c) Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Credit Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Credit Party in the amount of such participation.

Section 9.8 Table of Contents and Section Headings.

The table of contents and the Section and subsection headings herein are intended for convenience only and shall be ignored in construing this Agreement.

Section 9.9 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, the Issuing Lenders or any Arranger constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed signature page (counterpart or otherwise) of this Agreement or any Credit Document, or any certificates executed in connection herewith or therewith by telecopy or email shall be effective as if delivered manually.

(b) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

Section 9.10 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.11 Integration.

This Agreement and the other Credit Documents represent the agreement of the Borrower, the other Credit Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Borrower, the other Credit Parties, or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or therein.

Section 9.12 Governing Law.

This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without regard to its conflicts of law principals that would cause the law of another jurisdiction to apply (other than Sections 5-1401 and 5-1402 of The New York General Obligations Law).

Section 9.13 Consent to Jurisdiction; Service of Process and Venue.

(a) Consent to Jurisdiction. The Borrower and each other Credit Party irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of New York County, New York, the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York sitting State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Administrative Agent, any Lender or any Issuing Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Borrower or any other Credit Party or its properties in the courts of any jurisdiction.

(b) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.2. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

(c) Venue. The Borrower and each other Credit Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 9.14 Confidentiality.

Each of the Administrative Agent, the Arrangers, the Lenders and the Issuing Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder, under any other Credit Document or Bank Product or any action or proceeding relating to this Agreement, any other Credit Document or Bank Product or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) to (i) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (ii) an investor or prospective investor in securities issued by an Approved Fund that also agrees that Information shall be kept confidential and used solely for the purpose of evaluating an investment in such securities issued by the Approved Fund, (iii) a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for securities issued by an Approved Fund, or (iv) a nationally recognized rating agency that requires access to information regarding the Credit Parties, the Loans and Credit Documents in connection with ratings issued in respect of securities issued by an Approved Fund (in each case, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, any Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, “Information” means all information received from any Credit Party or any of its Subsidiaries relating to any Credit Party or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any Issuing Lender on a nonconfidential basis prior to disclosure by any Credit Party or any of its Subsidiaries; provided that, in the case of information received from any Credit Party or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Each Lender acknowledges that federal law prohibits the purchase or sale of any of the Borrower’s securities while in possession of material non-public information. Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Credit Parties and their Subsidiaries, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including federal and state securities laws and regulations.

Section 9.15 Acknowledgments.

The Borrower and the other Credit Parties each hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of each Credit Document;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Credit Party arising out of or in connection with this Agreement and the relationship between the Administrative Agent and the Lenders, on one hand, and the Borrower and the other Credit Parties, on the other hand, in connection herewith is solely that of creditor and debtor; and

(c) no joint venture exists among the Lenders and the Administrative Agent or among the Borrower, the Administrative Agent or the other Credit Parties and the Lenders.

Section 9.16 Waivers of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.17 Patriot Act Notice.

Each Lender and the Administrative Agent (for itself and not on behalf of any other party) hereby notifies the Borrower that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower and the other Credit Parties, which information includes the name and address of the Borrower and the other Credit Parties and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower and the other Credit Parties in accordance with the Patriot Act.

Section 9.18 Resolution of Drafting Ambiguities.

Each Credit Party acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of this Agreement and the other Credit Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof and thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

Section 9.19 Continuing Agreement.

This Credit Agreement shall be a continuing agreement and shall remain in full force and effect until all Credit Party Obligations (other than those obligations that expressly survive the termination of this Credit Agreement) have been paid in full and all Commitments and Letters of Credit have been terminated, after which this Credit Agreement automatically shall terminate. Upon termination, the Credit Parties shall have no further obligations (other than those obligations that expressly survive the termination of this Credit Agreement) under the Credit Documents; provided that should any payment, in whole or in part, of the Credit Party Obligations be rescinded or otherwise required to be restored or returned by the Administrative Agent or any Lender, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, then the Credit Documents shall automatically be reinstated and all Liens, if any, under the LOC Documents of the Administrative Agent shall reattach to the collateral and all amounts required to be restored or returned and all costs and expenses incurred by the Administrative Agent or any Lender in connection therewith shall be deemed included as part of the Credit Party Obligations.

Section 9.20 Lender Consent.

Each Person signing a Lender Consent (a) approves the Credit Agreement, (b) authorizes and appoints the Administrative Agent as its agent in accordance with the terms of Article VIII, (c) authorizes the Administrative Agent to execute and deliver this Agreement on its behalf, (d) is a Lender hereunder and therefore shall have all the rights and obligations of a Lender under this Agreement as if such Person had directly executed and delivered a signature page to this Agreement and (e) has consented to, approved or accepted or is satisfied with, each document or other matter required under Section 4.1 to be consented to or approved by or be acceptable or satisfactory to a Lender.

Section 9.21 Press Releases and Related Matters.

The Credit Parties and their Affiliates agree that they will not in the future issue any press releases or other public disclosure using the name of Administrative Agent or any Lender or their respective Affiliates or referring to this Agreement or any of the Credit Documents without the prior written consent of such Person, unless (and only to the extent that) a Credit Party or such Affiliate is required to do so under law and then, in any event, the Credit Parties or such Affiliate will to the extent practicable consult with such Person before issuing such press release or other public disclosure, provided, that no consultation shall be required in connection with disclosures in a periodic or other report filed with or furnished to the SEC. The Credit Parties consent to the publication by Administrative Agent or any Lender of customary advertising material relating to the transactions contemplated by this Agreement and the Credit Documents using the name, product photographs, logo or trademark of the Credit Parties.

Section 9.22 Appointment of Borrower.

Each of the Guarantors hereby appoints the Borrower to act as its agent for all purposes under this Agreement and agrees that (a) the Borrower may execute such documents on behalf of such Guarantor as the Borrower deems appropriate in its sole discretion and each Guarantor shall be obligated by all of the terms of any such document executed on its behalf, (b) any notice or communication delivered by the Administrative Agent or the Lender to the Borrower shall be deemed delivered to each Guarantor and (c) the Administrative Agent or the Lenders may accept, and be permitted to rely on, any document, instrument or agreement executed by the Borrower on behalf of each Guarantor.

Section 9.23 Certain Waivers, Subordinations and Consents.

(a) Each of the Credit Parties acknowledges and agrees that certain Credit Parties and their Equity Holders are, or in the future may be or become, subject to the terms of one or more Contractual Obligations with the Borrower or another Credit Party (including those arising under the terms of Management Agreements) (i) which conflict with the terms of the Credit Documents to which such Credit Parties are a party, the execution and delivery thereof by such Credit Parties, or the performance by such Credit Parties of the terms thereof, including undertakings not to incur debt, not to pledge assets to third parties, not to pay dividends and not to enter into material agreements without obtaining certain consents (collectively, the “Credit Party Intercompany Restrictions”), (ii) pursuant to which such Credit Parties grant to the Borrower or such other Credit Party a Lien on various assets of such Credit Parties (collectively, the “Borrower Pledges”), (iii) pursuant to which Equity Holders grant to the Borrower or such other Credit Party the right, upon the occurrence of certain circumstances, to acquire Equity Interests in such Credit Parties from the applicable Equity Holders (collectively, the “Holder Purchase Grants”), (iv) pursuant to which Equity Holders are restricted from transferring their Equity Interests in a Practice (the “Equity Holder Transfer Restrictions”), and/or (v) pursuant to which Equity Holders grant to the Borrower or such other Credit Party a Lien on the Equity Interests in the applicable Credit Parties owned by such Equity Holders (collectively, the “Holder Lien Grants”) (each agreement, including each Management Agreement, containing any such restriction being referred to herein as a “Restrictive Agreement”).

(b) Each of the Credit Parties hereby absolutely and irrevocably waives the Credit Party Intercompany Restrictions and the Equity Holder Transfer Restrictions insofar as any of such Credit Party Intercompany Restrictions or Equity Holder Transfer Restrictions conflict with or would otherwise prohibit or impair the due, punctual and full performance and observance of any term, covenant or condition now or hereafter contained in any Credit Document.

(c) The Borrower and each other Credit Party party to any such Restrictive Agreement hereby agree that, except as expressly permitted hereunder or under the terms of any other Credit Document, no Credit Party shall exercise its rights under any of the Holder Purchase Grants.

(d) So long as no Default or Event of Default has occurred and is continuing:

(i) any Credit Party may at its expense exercise rights under Borrower Pledges and Holder Lien Grants as it may determine to be reasonably necessary in the ordinary course of business (including the taking of possession of and selling or otherwise disposing of property subject to Borrower Pledges and Holder Lien Grants and retaining the proceeds thereof, in each case to the extent permitted by applicable law) to recover amounts owed or otherwise remedy defaults in payment or performance obligations arising under Management Agreements; provided, that the Borrower shall set forth in the next officer’s certificate delivered to the Administrative Agent pursuant to Section 5.2(b) for the period during which such rights are exercised a reasonably detailed description of the circumstances giving rise to such exercise and the remedies exercised; and

(ii) the Borrower may at its expense exercise Holder Purchase Grants to the extent that such exercise would otherwise be permitted hereunder as a Permitted Investment.

Section 9.24 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each Transaction, each of the Credit Parties acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (a) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document) are an arm’s-length commercial transaction between the Credit Parties and their Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders, on the other hand, and the Credit Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the Transactions and by the other Credit Documents (including any amendment, waiver or other modification hereof or thereof); (b) in connection with the process leading to such transaction, each of the Administrative Agent, each Arranger and each Lender is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any Credit Party or any of their Affiliates, stockholders, creditors or employees or any other Person; (c) neither the Administrative Agent nor any Arranger nor any Lender has assumed or will assume an advisory, agency or fiduciary responsibility in favor of any Credit Party with respect to any of the Transactions or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Administrative Agent, any Arranger or any

Lender has advised or is currently advising any Credit Party or any of its Affiliates on other matters) and neither the Administrative Agent, nor any Arranger nor any Lender has any obligation to any Credit Party or any of their Affiliates with respect to the Transactions except those obligations expressly set forth herein and in the other Credit Documents; (d) the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Credit Parties and their Affiliates, and neither the Administrative Agent, nor any Arranger nor any Lender has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (e) the Administrative Agent, the Arrangers and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the Transactions (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Credit Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates with respect to any breach or alleged breach of agency or fiduciary duty.

Section 9.25 [Reserved].

Section 9.26 Release of Liens and Guarantees.

The Administrative Agent shall (and each Lender hereby irrevocably authorizes the Administrative Agent to):

(a) release any Lien granted to the Administrative Agent under any Credit Document on any asset of any Credit Party (i) upon payment in full of the Credit Party Obligations and the cancellation of all Commitments hereunder, (ii) that is sold, transferred, encumbered or otherwise disposed of or to be sold, transferred, encumbered or otherwise disposed of as part of, or in connection with, any sale, transfer or disposition permitted under the Credit Documents to a Person that is not (and is not required to become) a Credit Party, (iii) that does not constitute (or ceases to constitute) Collateral, (iv) if such Credit Party has guaranteed the Obligations, upon the release of such Credit Party' s guaranty in accordance with the terms of the Credit Documents, (v) that constitutes Excluded Assets, or (vi) to the extent such release is approved, authorized or ratified in writing by the Required Lenders in accordance with Section 9.1;

(b) automatically release any Person that has guaranteed the Obligations from its guaranty if such Person ceases to be a Domestic Subsidiary as a result of a transaction or series of transactions that is permitted under the Credit Documents; and

(c) subordinate any Lien granted to the Administrative Agent (or any sub-agent or collateral agent) under any Credit Document to any Lien that is permitted by clauses (c), (i) or (o) of the definition of Permitted Liens, or otherwise having priority by operation of law.

The Administrative Agent will, and each Lender hereby authorizes the Administrative Agent to, at the expense of the Borrower, execute and deliver to the relevant Credit Party such documents and/or instruments as such Credit Party may reasonably request to evidence or effectuate the release of any Lien or guarantee or the subordination of any Lien contemplated by this Section 9.26; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower containing certifications regarding compliance with the provisions of the Credit Documents permitting the action giving rise to such action. Upon the request of the Administrative Agent, the Required Lenders will confirm in writing the Administrative Agent' s authority to take the actions contemplated by this Section 9.26. Any representation, warranty or covenant contained in any Credit Document relating to any asset of any Credit Party shall no longer be deemed to be made once the Lien on such asset is released in accordance herewith.

Section 9.27 Acknowledgement and Consent of Bail-In of EEA Financial Institutions.

Solely to the extent any Agent, Lender or Issuing Lender that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(i) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

Section 9.28 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arrangers, ~~the Joint Bookrunners and each Co-Documentation Agent~~ and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arrangers, ~~the Joint Bookrunners and the Co-Documentation Agents~~ and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that:

(i) none of the Administrative Agent, any Arranger, ~~any Joint Bookrunner or any Co-Documentation Agent~~ or any of their respective Affiliates is a fiduciary with respect to the Collateral or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related to hereto or thereto);

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least \$50 million, in each case as described in 29 CFR § 2510.3-21(e)(1)(i)(A)-(E);

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations);

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Letters of Credit, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(v) no fee or other compensation is being paid directly to the Administrative Agent, any Arranger or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Letters of Credit, the Commitments or this Agreement.

(c) The Administrative Agent, and each Arranger, the syndication agent or other agents listed on the cover page hereof hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments and this Agreement and any other Credit Documents, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Credit Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE X

GUARANTY

Section 10.1 The Guaranty.

In order to induce the Lenders to enter into this Agreement and any Bank Product Provider to enter into any Bank Product and to extend credit hereunder and thereunder and in recognition of the direct benefits to be received by the Guarantors from the Extensions of Credit hereunder and any Bank Product, each of the Guarantors hereby agrees with the Administrative Agent, the Lenders and the Bank Product Providers as follows: each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all Credit Party Obligations. If any or all of the indebtedness or other obligations becomes due and payable hereunder or under any Bank Product, each Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent, the Lenders, the Bank Product Providers, or their respective order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Credit Party Obligations. The Guaranty set forth in this Article X is a guaranty of timely payment and not of collection. The word “indebtedness” is used in this Article X in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Borrower, including specifically all Credit Party Obligations, arising in connection with this Agreement, the other Credit Documents or any Bank Product, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Borrower may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

Section 10.2 Bankruptcy.

Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all Credit Party Obligations of the Borrower to the Lenders and any Bank Product Provider whether or not due or payable by the Borrower upon the occurrence of any Bankruptcy Event and unconditionally promises to pay such Credit Party Obligations to the Administrative Agent for the account of the Lenders and to any such Bank Product Provider, or order, on demand, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the Borrower or a Guarantor shall make a payment or a transfer of an interest in any property to the Administrative Agent, any Lender or any Bank Product Provider, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Borrower or a Guarantor, the estate of the Borrower or a Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

Section 10.3 Nature of Liability.

The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Credit Party Obligations of the Borrower whether executed by any such Guarantor, any other guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Credit Party Obligations of the Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, or (e) any payment made to the

Administrative Agent, the Lenders or any Bank Product Provider on the Credit Party Obligations which the Administrative Agent, such Lenders or such Bank Product Provider repay the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 10.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the Borrower and whether or not any other Guarantor or the Borrower is joined in any such action or actions.

Section 10.5 Authorization.

Each of the Guarantors authorizes the Administrative Agent, each Lender and each Bank Product Provider without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Credit Party Obligations or any part thereof in accordance with this Agreement and any Bank product, as applicable, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of this Guaranty or the Credit Party Obligations and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, the Borrower or other obligors.

Section 10.6 Reliance.

It is not necessary for the Administrative Agent, the Lenders or any Bank Product Provider to inquire into the capacity or powers of the Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any Credit Party Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 10.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require the Administrative Agent, any Lender or any Bank Product Provider to (i) proceed against the Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party, or (iii) pursue any other remedy in the Administrative Agent' s, any Lender' s or any Bank Product Provider' s power whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of the Borrower, any other guarantor or any other party other than payment in full of the Credit Party Obligations (other than contingent indemnification obligations), including, without limitation, any defense based on or arising out of the disability of the Borrower, any other guarantor or any other party, or the unenforceability of the Credit Party Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the Credit Party Obligations. The Administrative Agent may, at its election, foreclose on any security held by the Administrative Agent or a Lender by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent or any Lender may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Credit Party Obligations have been paid in full and the Commitments have been terminated. Each of the Guarantors waives any defense arising out of any such election by the Administrative Agent or any of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantors against the Borrower or any other party or any security.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Credit Party Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Credit Party Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the U.S. Bankruptcy Code, or otherwise) to the claims of the Lenders or any Bank Product Provider against the Borrower or any other guarantor of the Credit Party Obligations of the Borrower owing to the Lenders or such Bank Product Provider (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty until such time as the Credit Party Obligations shall have been paid in full and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which the Administrative Agent, the Lenders or any Bank Product Provider now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Credit Party Obligations of the Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders and/or the Bank Product Providers to secure payment of the Credit Party Obligations of the Borrower until such time as the Credit Party Obligations (other than contingent indemnification obligations) shall have been paid in full and the Commitments have been terminated.

Section 10.8 Limitation on Enforcement.

The Lenders and the Bank Product Providers agree that this Guaranty may be enforced only by the action of the Administrative Agent acting upon the instructions of the Required Lenders or such Bank Product Provider (only with respect to obligations under the applicable Bank Product) and that no Lender or Bank Product Provider shall have any right individually to seek to enforce or to enforce this Guaranty, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent for the benefit of the Lenders under the terms of this Agreement and for the benefit of any Bank Product Provider under any Bank Product. The Lenders and the Bank Product Providers further agree that this Guaranty may not be enforced against any director, officer, employee or stockholder of the Guarantors.

Section 10.9 Confirmation of Payment.

The Administrative Agent and the Lenders will, upon request after payment of the Credit Party Obligations which are the subject of this Guaranty and termination of the Commitments relating thereto, confirm to the Borrower, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated, subject to the provisions of Section 10.2.

Section 10.10 Agreements for Contribution.

(a) To the extent that any Guarantor is required, by reason of its obligations hereunder, to pay to the Lender an amount greater than the amount of the value (as determined in accordance with applicable insolvency laws) actually made available to or for the benefit of such Guarantor on account of any Credit Document, such Guarantor shall have an enforceable right of contribution against the remaining Guarantors, and the remaining Guarantors shall be jointly and severally liable for repayment of the full amount of such excess payment.

(b) To the extent that any Guarantor would, but for the operation of this Section 10.10 and by reason of its Obligations hereunder or its obligations to other Guarantors under this Section 10.10, be rendered insolvent for any purpose under applicable insolvency laws, each of the Guarantors hereby agrees to indemnify such Guarantor and commits to make a contribution to such Guarantor's capital in an amount at least equal to the amount necessary to prevent such Guarantor from having been rendered insolvent by reason of the incurrence of any such obligations.

(c) To the extent that any Guarantor would, but for the operation of this Section 10.10, be rendered insolvent under any applicable insolvency law by reason of its incurring of obligations to any other Guarantor under the foregoing Sections 10.10(a) and (b), such Guarantor shall, in turn, have rights of contribution to the full extent provided in the foregoing Sections 10.10(a) and (b) against the remaining Guarantors, such that all obligations of all the Guarantors hereunder and under this Section 10.10 shall be allocated in a manner such that no Guarantor shall be rendered insolvent for any purpose under applicable insolvency law by reason of its incurrance of such obligations.

Section 10.11 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Guaranty in respect of a Swap Obligation (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 10.11 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10.11 or otherwise under this Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Except as otherwise provided herein, the obligations of each Qualified ECP Guarantor under this Section 10.11 shall remain in full force and effect until the termination of all Swap Obligations. Each Qualified ECP Guarantor intends that this Section 10.11 constitute, and this Section 10.11 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Credit Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into by and between **MEDNAX SERVICES, INC.**, a Florida corporation (“Employer”) and **DOMINIC J. ANDREANO** (“Employee”) effective as the Effective Date.

RECITALS

WHEREAS, Employer is presently engaged in “Employer’ s Business” as defined on Exhibit A hereto; and

WHEREAS, Employer desires to continue to employ Employee and benefit from Employee’ s contributions to Employer; and

WHEREAS, Employer and Employee previously entered in an Employment Agreement dated February 12, 2018 (the “Prior Employment Agreement”), which will be superseded in its entirety upon the execution of this Agreement; and

WHEREAS, in order to induce Employer to enter into this Agreement on the terms and conditions set forth herein, and disclose its trade secrets and confidential information in connection with Employee’ s employment by Employer and award from time to time equity based compensation, Employee hereby agrees to be bound by the terms of this Agreement, including the arbitration, non-competition and related restrictive covenants set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties agree as follows:

1. Employment.

1.1. *Employment and Term.* Employer hereby agrees to employ Employee and Employee hereby agrees to serve Employer on the terms and conditions set forth herein for an “Initial Term” commencing February 12, 2019 (the “Effective Date”) and continuing for a period of three (3) years, unless sooner terminated as hereinafter set forth. Thereafter, the employment of Employee hereunder shall automatically renew for successive one (1) year periods until terminated in accordance herewith. The Initial Term and any automatic renewals shall be referred to as the “Employment Period.”

1.2. *Duties of Employee.* During the Employment Period, Employee shall serve as Senior Vice President, General Counsel and Secretary of Employer and MEDNAX, Inc. and perform such duties as are customary to the position Employee holds or as may be assigned to Employee from time to time by Employee’ s supervisor (“Employee’ s Supervisor”); *provided*, that such duties as assigned shall be customary to Employee’ s role as an officer of Employer. Employee’ s employment shall be full-time and as such Employee agrees to devote substantially all of Employee’ s attention and professional time to the business and affairs of Employer. Employee shall perform Employee’ s duties honestly, diligently, competently, in good faith and in

the best interest of Employer. Employee will devote best efforts to the promotion of the goodwill of Employer and of its employees and affiliates. During the Employment Term, Employer shall promote the proficiency of Employee by, among other things, providing Employee with Confidential Information, specialized professional development programs, and information regarding the organization, administration and operation of Employer. During the Employment Period, Employee agrees that Employee will not, without the prior written consent of Employer (which consent shall not be unreasonably withheld), serve as a director on a corporate board of directors or in any other similar capacity for any institution other than Employer. During the Employment Period, it shall not be a violation of this Agreement to (i) serve on civic or charitable boards or committees, or (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, so long as such activities have been approved by Employee' s Supervisor and do not interfere with the performance of Employee' s responsibilities as an employee of Employer in accordance with this Agreement, including the restrictions of Section 8 hereof.

1.3. *Place of Performance.* Employee shall be based at Employer' s offices located in Sunrise, Florida, except for required travel relating to Employer' s Business.

2. Base Salary and Performance Bonus.

2.1. *Base Salary.* Employee shall be paid an annual base salary as determined by Employee' s supervisor from time to time (the "Base Salary"), payable in installments consistent with Employer' s customary payroll schedule and subject to applicable withholding for taxes and other Employee directed withholdings. Any increase to Employee' s Base Salary that is approved by Employee' s Supervisor shall become Employee' s new Base Salary for purposes of this Agreement.

2.2. *Performance Bonus.* Employee shall be eligible for an annual bonus of up to the amount set forth on Exhibit B (the "Performance Bonus"). The amount of the actual bonus paid to Employee, if any, shall be based upon the achievement of specific objectives to be developed and agreed upon by Employee and Employee' s Supervisor each year and the performance of Employer. Except in the situations described in Sections 5.2, 5.3, 5.4, 5.5 and 5.7, the Performance Bonus shall only be payable to Employee if Employee is employed with Employer as of the date that the Performance Bonus is paid by Employer. Each Performance Bonus shall be paid in the calendar year immediately following the calendar year in which it is earned, as soon as practicable after the audited financial statements for Employer for the year for which the bonus is earned have been released; provided, however, that if calculation of Employee' s Performance Bonus is not administratively practicable due to events beyond the control of Employer, then Employer may delay payment of the Performance Bonus provided that the payment is made during the first taxable year of Employee in which the calculation of the amount of the payment is administratively practicable.

3. Benefits.

3.1. *Expense Reimbursement.* Employer shall promptly reimburse Employee for all out-of-pocket expenses reasonably incurred by Employee during the Employment Period on behalf of or in connection with Employer' s Business pursuant to the reimbursement standards and guidelines of Employer in effect from time to time. Employee shall account for such expenses and submit reasonable supporting documentation to Employer in accordance with Employer' s policies in effect from time to time.

3.2 *Employee Benefits*. During the Employment Period, Employee shall be entitled to participate in such health, welfare, disability, retirement savings and other fringe benefit plans and programs (subject to the terms and conditions of such plans and programs) as may be provided from time to time to employees of Employer and to the extent that such plans and programs are applicable to other similarly situated employees of Employer.

3.3 *Leave Time*. During the Employment Period, Employee shall be entitled to paid vacation and leave days each calendar year in accordance with the leave policies established by Employer from time to time, but in no event less than thirty-eight (38) days per year. Any leave time not used during each fiscal year of Employer may be carried over into the next year to the extent permitted by Employer policy.

3.4 *Equity Plans*. During the Employment Period, Employee shall be eligible to participate in MEDNAX, Inc. 's Amended and Restated 2008 Incentive Compensation Plan, as amended, or any other similar plan adopted by MEDNAX, Inc. (each an "Equity Plan") that provides for the issuance of stock options, stock appreciation rights, restricted stock, deferred stock, bonus stock, awards payable in stock or any other stock based award (each an "Equity Award"). Employee' s stock-based award each year shall be determined by the Compensation Committee of MEDNAX, Inc.' s Board of Directors based on Employee' s performance and Employer' s performance during the immediately preceding year and shall be at least the amount set forth on Exhibit B hereto. Every Equity Award made to Employee shall be subject to the terms and conditions of this Agreement, the applicable award agreement and the terms of the Equity Plan. Employee shall also be eligible to participate in MEDNAX, Inc.' s non-qualified employee stock purchase plan and any successor plan. Employee acknowledges Employee' s participation in the Equity Plan pursuant to this Section 3 is sufficient consideration for Employee to enter into this Agreement, including the restrictive covenants set forth in Section 8 below.

4. Termination.

4.1 *Termination for Cause*. Employer may terminate Employee' s employment under this Agreement for Cause. As used in this Agreement, the term "Cause" shall mean:

- (a) Any act or omission of Employee, which is materially contrary (having reference to corporate and industry custom and standards) to the business interests, reputation or goodwill of Employer;
- (b) A material breach by Employee of Employee' s obligations under this Agreement, which breach is not promptly remedied upon written notice from Employer;
- (c) Employee' s refusal to perform Employee' s duties as assigned pursuant to this Agreement other than a refusal which is remedied by Employer promptly after receipt of written notice thereof by Employer; or

(d) Employee' s failure or refusal to comply with a reasonable policy, standard or regulation of Employer in any material respect, including but not limited to Employer' s sexual harassment, other unlawful harassment, workplace discrimination or substance abuse policies.

The termination date for a termination of Employee' s employment under this Agreement pursuant to this Section 4.1 shall be the date specified by Employer in a written notice to Employee of finding of Cause, which may not be retroactive. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.1, Employee shall be entitled to the compensation specified in Section 5.1 hereof.

4.2. *Disability.* Employer may terminate Employee' s employment under this Agreement upon the Disability (as defined below) of Employee. Subject to the requirements of applicable law, Employee shall be deemed to have a "Disability" for purposes of this Agreement in the event of (i) Employee' s inability to perform Employee' s duties hereunder, with or without a reasonable accommodation, as a result of physical or mental illness or injury, and (ii) a determination by an independent qualified physician selected by Employer and acceptable to Employee (which acceptance shall not be unreasonably withheld) that Employee is currently unable to perform such duties and in all reasonable likelihood such inability will continue for a period in excess of an additional ninety (90) or more days in any one hundred twenty (120) day period. The termination date for a termination of this Agreement pursuant to this Section 4.2 shall be the date specified by Employer in a notice to Employee, which date shall not be retroactive. Upon any termination of this Agreement pursuant to this Section 4.2, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.2 hereof.

4.3. *Death.* Employee' s employment under this Agreement shall terminate automatically upon the death of Employee, without any requirement of notice by Employer to Employee' s estate. The date of Employee' s death shall be the termination date for a termination of Employee' s employment under this Agreement pursuant to this Section 4.3. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.3, Employee shall be entitled to the compensation specified in Section 5.3 hereof.

4.4. *Termination by Employer Without Cause.* Employer may terminate Employee' s employment without cause by giving Employee written notice of such termination. The termination date shall be the date specified by Employer in such notice, which may be up to ninety (90) days from the date of such notice. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.4, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.4 hereof.

4.5. *Termination by Employee Due to Poor Health.* Employer may terminate Employee' s employment under this Agreement upon written notice to Employer if Employee' s health should become impaired to any extent that makes the continued performance of Employee' s duties under this Agreement hazardous to Employee' s physical or mental health or Employee' s life (regardless of whether such condition would be deemed a Disability under any other Section of

this Agreement), *provided* that Employee shall have furnished Employer with a written statement from a qualified doctor to that effect, and *provided further* that, at Employer's written request and expense, Employee shall submit to a medical examination by an independent qualified physician selected by Employer and acceptable to Employee (which acceptance shall not be unreasonably withheld), which doctor shall substantially concur with the conclusions of Employee's doctor. The termination date shall be the date specified in Employee's notice to Employer, which date may not be earlier than thirty (30) days nor later than ninety (90) days from Employer's receipt of such notice. Upon any termination of Employee's employment under this Agreement pursuant to this Section 4.5, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.5 hereof.

4.6. *Termination by Employee.* Employee may terminate Employee's employment under this Agreement for any reason whatsoever upon not less than ninety (90) days prior written notice to Employer. Upon receipt of such notice from Employee, Employer may, at its option, require Employee to terminate employment at any time in advance of the expiration of such ninety (90) day period. The termination date under this Section 4.6 shall be the date specified by Employer, but in no event more than ninety (90) days after Employer's receipt of notice from Employee as contemplated by this Section. Upon any termination of Employee's employment under this Agreement pursuant to this Section 4.6, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.6 hereof.

4.7. *Termination by Employee for Good Reason.* Employee may terminate Employee's employment hereunder for Good Reason. For purposes of this Section, "Good Reason" shall mean:

(a) a decrease in Employee's Base Salary;

(b) a decrease in the Performance Bonus potential utilized by Employer in determining a Performance Bonus for Employee or a failure of the Compensation Committee to approve Employee's annual equity grant as contemplated by Section 3.4; or

(c) within a twenty-four (24) month period after a Change in Control (as defined below), Employee is either (i) terminated pursuant to Section 4.4 or Employee terminates Employee's employment pursuant to Section 4.7 (a),(b),(d),(e) or (f), (ii) assigned any position, duties, responsibilities or compensation that is inconsistent with the position, duties, responsibilities or compensation of Employee prior to such Change in Control, (iii) required to report to any person other than the President or Chief Executive Officer of Employer in place just prior to the Change in Control (unless Employee becomes Chief Executive Officer of Employer or its equivalent and reports directly to the Board, as defined below), or (iv) required to perform services under this Agreement from another location more than twenty-five (25) miles from Employee's location prior to the Change in Control. For purposes of this Agreement, "Change in Control" shall mean (i) the acquisition by a person or an entity or a group of persons and entities, directly or indirectly, of more than fifty (50%) percent of MEDNAX, Inc.'s common stock in a single transaction or a series of transactions (hereinafter referred to as a "50% Change in Control"), (ii) a merger or other form of corporate reorganization of MEDNAX, Inc. resulting in an actual

or *de facto* 50% Change in Control, or (iii) the failure of Applicable Directors (defined below) to constitute a majority of MEDNAX, Inc.' s Board of Directors (the "Board") during any two (2) consecutive year period after the date of this Agreement (the "Two-Year Period"). "Applicable Directors" shall mean those individuals who are members of the Board at the inception of a Two-Year Period and any new director whose election to the Board or nomination for election to the Board was approved (prior to any vote thereon by the shareholders) by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the Two-Year Period at issue or whose election or nomination for election during such Two-Year Period was previously approved as provided in this sentence; or

(d) the assignment to Employee of any position inconsistent with the present position Employee holds, or material diminution in Employee' s authority, excluding for this purpose any isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by Employer promptly after receipt of written notice; or

(e) the requirement by Employer that Employee be based in any office or location outside of the metropolitan area where Employer' s present corporate offices are located (it being understood that Employee may be presently based at another location), except for travel reasonably required in the performance of Employee' s duties.

(f) any other action or inaction that constitutes a material breach of this Agreement by Employer.

If Employee desires to terminate Employee' s employment under this Agreement pursuant to this Section, Employee must, within one hundred eighty (180) days after the occurrence of events giving rise to the Good Reason, provide Employer with a written notice describing the Good Reason in reasonable detail. If Employer fails to cure the matter cited within thirty (30) days after the date of Employee' s notice, then this Agreement shall terminate as of the end of such thirty (30) day cure period, *provided, however*, that Employer may, at its option, require Employee to terminate employment at any time in advance of the expiration of such thirty (30) day cure period. If Employee terminates Employee' s employment under this Agreement pursuant to this Section 4.7, then Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.7 hereof.

5. Compensation and Benefits Upon Termination.

5.1. *Cause.* If Employee' s employment is terminated for Cause, Employer shall pay Employee' s Base Salary through the termination date specified in Section 4.1 at the rate in effect at the termination date. Upon payment of such amounts, plus any amounts as may be due under Section 5.8 below, Employer shall have no further obligation to Employee under this Agreement.

5.2. *Disability.* In the event of Employee' s Disability, Employee shall continue to receive Employee' s Base Salary for the first ninety (90) days of Disability. If Employee' s employment is terminated pursuant to Section 4.2 in connection with Employee' s Disability, Employee shall receive Employee' s monthly Base Salary for a period of twelve (12) months after the termination date, plus a bonus calculated in accordance with Section 5.11 and any amounts as may be due under Section 5.8, 5.9 and 5.14.

5.3. *Death.* Upon Employee' s death during the Employment Period, Employer shall pay to the person or entity designated by Employee in a notice filed with Employer or, if no person is designated, to Employee' s estate any unpaid amounts of Base Salary to the date of Employee' s death, plus any amounts as may be due under Sections 5.8 and 5.11 and 5.14 below. Any payments Employee' s spouse, beneficiaries or estate may be entitled to receive pursuant to any pension plan, employee welfare benefit plan, life insurance policy, or similar plan or policy then maintained by Employer shall be determined and paid in accordance with the written instruments governing the respective plans and policies. In the event of Employee' s death during the Employment Period, Employer shall notify Employee' s designee or estate of the Equity Awards held by Employee and the procedures pursuant to which all vested stock options may be exercised and other Equity Awards may be realized under the terms applicable to such awards.

5.4. *Termination by Employer Without Cause.* If Employer terminates Employee' s employment in accordance with Section 4.4, then (i) Employer shall pay Employee' s Base Salary through the termination date specified in Section 4.4 at the rate in effect at such termination date, plus any amount due under Section 5.8 hereof; (ii) within thirty (30) days, pay Employee a bonus calculated in accordance with Section 5.11 hereof; (iii) Employer shall continue to pay Employee' s monthly Base Salary for a period of eighteen (18) months after the termination date; (iv) within thirty (30) days of the first (1st) anniversary of the termination date, pay Employee an amount equal to the greater of Employee' s Average Annual Performance Bonus (as defined below) or Employee' s bonus for the year immediately preceding Employee' s termination; and (v) if applicable, Employee shall vest into the Accelerated Awards (as defined below) as set forth in Section 5.14 hereof. For purposes of this Agreement, "Average Annual Performance Bonus" shall be equal to the average of the percentage of the Performance Bonus target achieved by Employee for the three (3) full calendar years prior to the termination date, and calculated based on Employee' s Base Salary and target Performance Bonus in Employee' s current position. *For illustration purposes, if Employee earned 40%, 100% and 70% of Employee' s target Performance Bonus in each of the three full calendar years prior to termination, and Employee' s current target Performance Bonus was 100% of Base Salary, and Base Salary was \$450,000.00, then Employee' s Average Annual Performance Bonus would equal \$315,000.00. ((40%+ 100% + 70%) / 3 x 100% x \$450,000.00 = \$315,000.00).*

5.5. *Termination by Employee Due to Poor Health.* If Employee terminates Employee' s employment under this Agreement pursuant to Section 4.5 hereof, Employer shall pay to Employee any unpaid amounts of Base Salary to the termination date specified in Section 4.5, plus any disability payments otherwise payable by or pursuant to plans provided by Employer, plus any amounts as may be due under Sections 5.8, 5.11 and 5.14 below.

5.6. *Termination by Employee.* If Employee' s employment under this Agreement terminates pursuant to Section 4.6 hereof, Employer shall pay to Employee any unpaid amounts of Base Salary to the termination date specified in Section 4.6, plus any amounts as may be due under Section 5.8 below. In the event that the termination date specified by Employer is less than ninety (90) days after the date of Employer' s receipt of notice as contemplated by Section 4.6, then Employer shall continue Employee' s Base Salary for a period of days equal to ninety (90) minus the number of days from Employee' s notice to the termination date.

5.7. *Termination for Good Reason.* If Employee' s employment under this Agreement is terminated pursuant to Sections 4.7(a), (b), (d), (e), or (f), then Employer shall (i) pay Employee' s Base Salary through the termination date specified in Section 4.7 at the rate in effect at such termination date, (ii) pay any amounts as may be due under Section 5.8 and 5.11, (iii) continue to pay Employee' s Base Salary for a period of eighteen (18) months after the termination date, and (iv) if applicable, Employee shall vest into the Accelerated Awards (as defined below) as set forth in Section 5.14 hereof. If this Agreement is terminated pursuant to Section 4.7(c), then Employer shall (i) pay Employee' s Base Salary through the termination date specified in Section 4.7 at the rate in effect at such termination date, (ii) pay any amounts as may be due under Sections 5.8 and 5.11, and (iii) continue to pay Employee' s Base Salary for a period of twenty-four (24) months after the termination date. In addition, notwithstanding any contrary provision in any Equity Plan, in the event of Employee' s termination pursuant to Section 4.7(c), any unvested Equity Awards held by Employee on the termination date shall fully vest and in the case of stock options, become immediately exercisable.

5.8. *Expense Reimbursement.* Employee shall be entitled to reimbursement for reasonable business expenses incurred prior to the termination date, subject, however to the provisions of Section 3.1. Such reimbursement shall be made at the times and in accordance with Employer' s normal procedures for reimbursements.

5.9. *Continuation of Benefit Plans.* Employee shall be entitled to continuation of health, medical, hospitalization and other similar health insurance programs on the same basis as regular, full-time employees of Employer and their eligible dependents during the period that Employee is receiving Base Salary payments under Section 5 of this Agreement and, in all cases, as provided by any applicable law. Following such period of continued benefit plan coverage, Employee and each of his eligible dependents shall be entitled to elect for continuation of coverage provided pursuant to Section 601 et. seq. of the Employee Retirement Income Security Act of 1974, 29 USC §1101 ("COBRA").

5.10 *Period for Exercising Stock Options After Termination.* Except as to incentive stock options granted in accordance with Section 422 of the Internal Revenue Code, after termination of Employee' s employment under this Agreement for any reason other than pursuant to Section 4.1, Employee shall be allowed a period of twelve months during which to exercise any vested options to purchase MEDNAX, Inc.' s common stock or vested stock appreciation rights and realize any other vested Equity Awards that may be granted or made under any Equity Plan; provided, however, that in no event shall the period during which Employee may exercise any vested stock option or vested stock appreciation right be extended pursuant to this Section 5.10 to a date that is later than the earlier of (i) the latest date upon which the stock right could have expired by its original terms under any circumstances or (ii) the tenth (10th) anniversary of the original date of grant of the stock right. In all other respects, the terms of the applicable Equity Plan shall control the terms and conditions of any Equity Awards.

5.11. *Performance Bonus.* In the situations described in Sections 5.2, 5.3, 5.4, 5.5 and 5.7, upon termination of this Agreement, Employee will be paid, solely in consideration of services rendered by Employee prior to termination, a bonus with respect to Employer's fiscal year in which the termination date occurs, equal to the Performance Bonus, if any, that would have been payable to Employee, based on Employee and Employer meeting certain goals and objectives, for the fiscal year if Employee's employment had not been terminated, multiplied by the number of days in the fiscal year prior to and including the date of termination and divided by three hundred sixty five (365). The amount of the Post-Termination Performance Bonus paid in the situations described in Sections 5.2, 5.3, 5.4 5.5 and 5.7 shall be determined in good faith by Employer in its sole discretion at the time that Employer distributes bonuses to similarly situated employees. Any amount payable under this Section 5.11 shall be paid to Employee when Employer pays performance bonuses to its eligible employees, which shall be in the calendar year following the termination date of this Agreement. In addition, in the situations described in Section 5.7, Employee will be paid, solely in consideration of services rendered by Employee prior to termination, an additional bonus with respect to Employer's fiscal year in which the termination date occurs, equal to the greater of Employee's Average Annual Performance Bonus (as defined in Section 5.4) or Employee's bonus for the year immediately preceding Employee's termination. Such additional bonus shall be payable to Employee within ninety (90) days of Employee's termination date pursuant to Section 4.7.

5.12. *Section 409A Compliance.*

(a) General. It is the intention of both Employer and Employee that the benefits and rights to which Employee could be entitled in connection with termination of employment comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), and the provisions of this Agreement shall be construed in a manner consistent with that intention. If Employee or Employer believes, at any time, that any such benefit or right does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A of the Code (with the most limited possible economic effect on Employee and on Employer).

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of Employee's employment shall be made unless and until Employee incurs a "separation from service", within the meaning of Section 409A.

(c) 6 Month Delay for Specified Employees.

(i) If Employee is a "specified employee", then no payment or benefit that is payable on account of Employee's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after Employee's "separation from service" (or, if earlier, the date of Employee's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, Employee shall be considered to be a “specified employee” if, at the time of his or her separation from service, Employee is a “key employee”, within the meaning of Section 416(i) of the Code, of Employer (or any person or entity with whom Employer would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(iii) Unless otherwise required to comply with Section 409A, a payment or benefit shall not be deferred pursuant to this provision if:

(x) it is not made on account of Employee’s “separation from service”, (y) it is required to be paid no later than within 2 ½ months after the end of the taxable year of Employee in which the payment or benefit is no longer subject to a “substantial risk of forfeiture”, as that term is defined for purposes of Section 409A, or (z) the payment satisfies the following requirements: (A) it is being paid or provided due to Employer’s termination of Employee’s employment without Cause (Section 4.4) or Employee’s termination of employment after a Change in Control for the reasons set forth in Section 4.7 hereof, (B) it does not exceed two times the lesser of (1) Employee’s annualized compensation from Employer for the calendar year prior to the calendar year in which the termination of Employee’s employment occurs, and (2) the maximum amount of compensation that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee’s employment terminates, and (C) the payment is required under this Agreement to be paid no later than the last day of the second calendar year following the calendar year in which Employee incurs a “separation from service”.

(d) No Acceleration of Payments. Neither Employer nor Employee, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which Employee is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Reimbursements and In-Kind Benefits.

(i) Any reimbursements by Employer to Employee of any eligible expenses pursuant to Section 3.1 or 5.8 of this Agreement, that are not excludible from Employee's income for Federal income tax purposes ("Taxable Reimbursements") shall be made on or before the last day of the taxable year of Employee following the year in which the expense was incurred.

(ii) The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to Employee under this Agreement, during any taxable year of Employee shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of Employee.

(iii) The right to Taxable Reimbursements, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit.

5.13. *Release.* Employer shall provide Employee with a general release in the form attached as Exhibit C (subject to such modifications as Employer may reasonably request) within seven (7) days after Employee's termination date. Payments or benefits to which Employee may be entitled pursuant to this Section 5 (other than any accrued but unpaid Base Salary and employee benefits as of the end of the Employment Period) (the "Severance Amounts") shall be conditioned upon Employee executing the general release within 21 days after receiving it from Employer and the general release becoming irrevocable upon the expiration of 7 days following the Employee's execution of it. Payment of the Severance Amounts shall be suspended during the period (the "Suspension Period") that begins on Employee's termination date and ends on the date ("Suspension Termination Date") that is thirty-five (35) days after Employee's termination date; provided, however, that this suspension shall not apply, and Employer shall be required to provide, any continued health insurance coverage that would be required under Section 5.9 hereof during the Suspension Period. If Employee executes the general release and the general release becomes irrevocable by no later than the Suspension Termination Date, then payment of any Severance Amounts that were suspended pursuant to this provision shall be made in the first payroll period that follows the Suspension Termination Date, and any Severance Amounts that are payable after the Suspension Termination Date shall be paid at the times provided in Section 5.

5.14. *Vesting of Incentive Awards.* Notwithstanding any contrary provision in this Agreement or any Equity Plan then maintained by MEDNAX, Inc.:

(a) all Equity Awards granted to Employee by MEDNAX, Inc. prior to termination of this Agreement shall continue to vest until fully vested following a termination of Employee's employment pursuant to Section 4.2, 4.3, and 4.5; and

(b) in the event of a Change in Control after the date of this Agreement:

(i) if, prior to the one (1) year anniversary of the effective date of such Change in Control, the employment by MEDNAX, Inc. or its affiliates or successors of both Roger J. Medel, M.D. and Joseph M. Calabro is terminated for any reason, or they both no longer hold the positions they held just prior to the

Change in Control (and neither holds the top executive position in the company), then the Equity Awards granted to the Employee that are outstanding (the "Accelerated Awards") shall become fully vested and payable to the Employee on the first anniversary of the effective date of such Change in Control; provided, however, that any portion of the Accelerated Awards that is scheduled to become vested and payable pursuant to its terms prior to the first anniversary of such Change in Control shall become vested and payable to the Employee pursuant to its terms; and

(ii) if, after the one (1) year anniversary of the effective date of such Change in Control, the employment by MEDNAX, Inc. or its affiliates or successors of both Roger J. Medel, M.D. and Joseph M. Calabro is terminated for any reason, or they both no longer hold the positions they held just prior to the Change in Control (provided that neither holds the top executive position in the company), then the Accelerated Awards shall become fully vested and payable to the Employee on the one (1) year anniversary of the termination date, or date of the change in position of Roger J. Medel, M.D. or Joseph M. Calabro, whichever termination date or date in change of position is later; provided, however, that any portion of the Accelerated Awards that is scheduled to become vested and payable pursuant to its terms prior to the one (1) year anniversary of such termination date or date of change in position shall become vested and payable to the Employee pursuant to its terms;

provided in the case of both clauses (i) and (ii) above, that the Employee remains in Continuous Service (as defined in the applicable Equity Plan) from the date of this Agreement through the date on which such Accelerated Awards would vest pursuant to clauses (i) or (ii) above, as applicable.

(iii) if at any time after a Change in Control after the date of this Agreement, Employee' s employment is terminated pursuant to Section 4.4 or 4.7(a),(b)(d) (e) or (f), then all of the Accelerated Awards will be fully vested and exercisable as of the effective date of such termination.

Notwithstanding anything to the contrary in this Agreement, the Equity Plans or the Equity Awards, in the event of a Change in Control immediately following which neither the common stock of MEDNAX, Inc. nor the common equity of its successor, parent or subsidiary is listed for trading on a national securities exchange (a "Going Private Transaction"), then all unvested Equity Awards granted to the Employee shall be adjusted so that in lieu of the Employee' s right to receive shares of common stock of MEDNAX, Inc. pursuant to the terms of such Equity Awards, the Employee shall be entitled to receive, for each share of common stock of MEDNAX, Inc. that Employee would otherwise be entitled to receive pursuant to such Equity Awards, an amount of cash equal to the amount per share of common stock of MEDNAX, Inc. paid to the shareholders of MEDNAX, Inc. in such Going Private Transaction, as determined by the Compensation Committee of the Board in its sole discretion, in each case consistent with the vesting schedule of such Equity Awards and shall remain subject to the acceleration provisions set forth in this Section 5.14.

6. Successors; Binding Agreement.

6.1. *Successors.* Employer shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) acquiring a majority of Employer's voting common stock or any other successor to all or substantially all of the business and/or assets of Employer to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform it if no such succession had taken place and Employee hereby consents to any such assignment. In such event, "Employer" shall mean Employer as previously defined and any successor to its business and/or assets which executes and delivers the agreement provided for in this Section 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. This Section shall not limit Employee's ability to terminate this Agreement in the circumstances described in Section 4.7 in the event of a Change in Control.

6.2. *Benefit.* This Agreement and all rights of Employee under this Agreement shall inure to the benefit of and be enforceable by Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Employee should die after the termination date and amounts would have been payable to Employee under this Agreement if Employee had continued to live, including under Section 5 hereof, then such amounts shall be paid to Employee's devisee, legatee, or other designee or, if there is no such designee, Employee's estate.

7. **Conflicts.** This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes and revokes any and all prior or existing agreements, written or oral, relating to the subject matter hereof, and this Agreement shall be solely determinative of the subject matter hereof.

8. Restrictive Covenants; Confidential Information; Work Product; Injunctive Relief.

8.1. *No Material Competition.* Employer and Employee acknowledge and agree that a strong relationship and connection exists between Employer and its current and prospective patients, referral sources, and customers as well as the hospitals and healthcare facilities at which it provides professional services. Employer and Employee further acknowledge and agree that the restrictive covenants described in this Section are designed to enforce, and are ancillary to or part of, the promises contained in this Agreement and are reasonably necessary to protect the legitimate interests of Employer in the following: (1) the use and disclosure of the Confidential Information as described in Section 8.4; (2) the professional development activities described in Section 1.2; and (3) the goodwill of the Employer, as promoted by Employee as provided in Section 1.2. The foregoing listing is by way of example only and shall not be construed to be an exclusive or exhaustive list of such interests. Employee acknowledges that the restrictive covenants set forth below are of significant value to Employer and were a material inducement to Employer in agreeing to the terms of this Agreement. Employee further acknowledges that the goodwill and other proprietary interest of Employer will suffer irreparable and continuing damage in the event Employee enters into competition with Employer in violation of this Section.

Therefore, Employee agrees that, except with respect to services performed under this Agreement on behalf of Employer, **Employee shall not**, at any time during the Restricted Period (as defined below), for Employee or on behalf of any other person, persons, firm, partnership, corporation or employer, participate or engage in or own an interest in, directly or indirectly, any individual proprietorship, partnership, corporation, joint venture, trust or other form of business entity, whether as an individual proprietor, partner, joint venturer, officer, director, member, employee, consultant, independent contractor, stockholder, lender, landlord, finder, agent, broker, trustee, or in any manner whatsoever, if such entity or its affiliates is engaged in, directly or indirectly, "Employer's Business," as defined on Exhibit A hereto. Employee acknowledges that, as of the date hereof, Employee's responsibilities will include matters affecting the businesses of Employer listed on Exhibit A. For purposes of this Section 8, the "Restricted Period" shall mean the Employment Period plus (i) eighteen (18) months in the event this Agreement is terminated pursuant to Sections 4.1, (ii) thirty (30) months in the event the Agreement is terminated pursuant to Section 4.7 following a Change in Control, and (iii) twenty-four (24) months in the event the Agreement is terminated for any other reason.

8.2. *No Hire.* Employee further agrees that **Employee shall not**, at any time during the Employment Period and for a period of eighteen (18) months immediately following termination of this Agreement for any reason, for Employee or on behalf of any other person, persons, firm, partnership, corporation or employer, intentionally, knowingly, or willingly employ, or intentionally, knowingly, or willingly permit any company or business directly or indirectly controlled by Employee to employ or otherwise engage (a) any person who is a then current employee or independent contractor of Employer or one of its affiliates, or (b) any person who was an employee or independent contractor of Employer or one of its affiliates in the prior six (6) month period, or in any manner seek to induce such persons to leave his or her employment or engagement with Employer or one of its affiliates (including without limitation for or on behalf of a subsequent employer of Employee).

8.3 *Non-solicitation.* Employee further agrees that **Employee shall not**, at any time during the Employment Period and for a period of eighteen (18) months immediately following termination of this Agreement for any reason, for Employee or on behalf of any other person, persons, firm, partnership, corporation or employer, solicit or accept business from or take any action that would interfere with, diminish or impair the valuable relationships that Employer or its affiliates have with (i) hospitals or other health care facilities with which Employer or its affiliates have contracts to render professional services or otherwise have established relationships, (ii) patients, (iii) referral sources, (iv) vendors, (v) any other clients of Employer or its affiliates, or (vi) prospective hospitals, patients, referral sources, vendors or clients whose business Employee was aware that Employer or any affiliate of Employer was in the process of soliciting at the time of Employee's termination (including potential acquisition targets).

8.4. *Confidential Information.* At all times during the term of this Agreement, Employer shall provide Employee with access to "Confidential Information." As used in this Agreement, the term "Confidential Information" means any and all confidential, proprietary or trade secret information, whether disclosed, directly or indirectly, verbally, in writing or by any other means in tangible or intangible form, including that which is conceived or developed by

Employee, applicable to or in any way related to: (i) patients with whom Employer has a physician/patient relationship; (ii) the present or future business of Employer; or (iii) the research and development of Employer. Without limiting the generality of the foregoing, Confidential Information includes: (a) the development and operation of Employer's medical practices, including information relating to budgeting, staffing needs, marketing, research, hospital relationships, equipment capabilities, and other information concerning such facilities and operations and specifically including the procedures and business plans developed by Employer for use at the hospitals where Employer conducts its business; (b) contractual arrangements between the Employer and insurers or managed care associations or other payors; (c) the databases of Employer; (d) the clinical and research protocols of Employer, including coding guidelines; (e) the referral sources of Employer; (f) other confidential information of Employer that is not generally known to the public that gives Employer the opportunity to obtain an advantage over competitors who do not know or use it, including the names, addresses, telephone numbers or special needs of any of its patients, its patient lists, its marketing methods and related data, lists or other written records used in Employer's business, compensation paid to employees and other terms of employment, accounting ledgers and financial statements, contracts and licenses, business systems, business plan and projections, and computer programs. The parties agree that, as between them, this Confidential Information constitutes important, material, and confidential trade secrets that affect the successful conduct of Employer's business and its goodwill. Employer acknowledges that the Confidential Information specifically enumerated above is special and unique information and is not information that would be considered a part of the general knowledge and skill Employee has or might otherwise obtain.

Notwithstanding the foregoing, Confidential Information shall not include any information that (i) was known by Employee from a third party source before disclosure by or on behalf of Employer, (ii) becomes available to Employee from a source other than Employer that is not, to Employee's knowledge, bound by a duty of confidentiality to Employer, (iii) becomes generally available or known in the industry other than as a result of its disclosure by Employee, or (iv) has been independently developed by Employee and may be disclosed by Employee without breach of this Agreement, provided, in each case, that the Employee shall bear the burden of demonstrating that the information falls under one of the above-described exceptions.

Employee agrees that the terms of this Agreement shall be deemed Confidential Information for purposes of this Section. Employee shall keep the terms of this Agreement strictly confidential and will not, without the prior written consent of Employer, disclose the details of this Agreement to any third party in any manner whatsoever in whole or in part, with the exception of Employee's representatives (such as tax advisors and attorneys) who need to know such information.

Employee agrees that Employee will not at any time, whether during or subsequent to the term of Employee's employment with Employer, in any fashion, form or manner, unless specifically consented to in writing by Employer, either directly or indirectly, use or divulge, disclose, or communicate to any person, firm or corporation, in any manner whatsoever, any Confidential Information of any kind, nature, or description, subject to applicable law. The parties agree that any breach by Employee of any term of this Section is a material breach of this Agreement and shall constitute "cause" for the termination of Employee's employment hereunder. In the event that Employee is ordered to disclose any Confidential Information, whether in a legal

or a regulatory proceeding or otherwise, Employee shall provide Employer with prompt written notice of such request or order so that Employer may seek to prevent disclosure or, if that cannot be achieved, the entry of a protective order or other appropriate protective device or procedure in order to assure, to the extent practicable, compliance with the provisions of this Agreement. In the case of any disclosure required by law, Employee shall disclose only that portion of the Confidential Information that Employee is ordered to disclose in a legally binding subpoena, demand or similar order issued pursuant to a legal or regulatory proceeding.

All Confidential Information, and all equipment, notebooks, documents, memoranda, reports, files, samples, books, correspondence, lists, other written and graphic records, in any media (including electronic or video) containing Confidential Information or relating to the business of Employer, which Employee shall prepare, use, construct, observe, possess, or control shall be and remain Employer's sole property (collectively "Employer Property"). Upon termination or expiration of this Agreement, or earlier upon Employer's request, Employee shall promptly deliver to Employer all Employer Property, retaining none.

8.5. Ownership of Work Product. Employee agrees and acknowledges that (i) all copyrights, patents, trade secrets, trademarks, service marks, or other intellectual property or proprietary rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by Employee during the course of performing work for Employer and any other work product conceived, created, designed, developed or contributed by Employee during the term of this Agreement that relates in any way to Employer's Business (collectively, the "Work Product"), shall belong exclusively to Employer and shall, to the extent possible, be considered a work made for hire within the meaning of Title 17 of the United States Code. To the extent the Work Product may not be considered a work made for hire owned exclusively by Employer, Employee hereby assigns to Employer all right, title, and interest worldwide in and to such Work Product at the time of its creation, without any requirement of further consideration. Upon request of Employer, Employee shall take such further actions and execute such further documents as Employer may deem necessary or desirable to further the purposes of this Agreement, including without limitation separate assignments of all right, title, and interest in and to all rights of copyright and all right, title, and interest in and to any inventions or patents and any reissues or extensions which may be granted therefore, and in and to any improvements, additions to, or modifications thereto, which Employee may acquire by invention or otherwise, the same to be held and enjoyed by Employer for its own use and benefit, and for the use and benefit of Employer's successors and assigns, as fully and as entirely as the same might be held by Employee had this assignment not been made.

8.6. Clearance Procedure for Proprietary Rights Not Claimed by Employer. In the event that Employee wishes to create or develop, *other than* on Employer's time or using Employer's resources, anything that may be considered Work Product but to which Employee believes Employee should be entitled to the personal benefit of, Employee agrees to follow the clearance procedure set forth in this Section. Before beginning any such work, Employee agrees to give Employer advance written notice and provide Employer with a sufficiently detailed written description of the work under consideration for Employer to make a determination regarding the work. Unless otherwise agreed in a writing signed by Employer prior to receipt, Employer shall have no obligation of confidentiality with respect to such request or description. Employer will

determine in its sole discretion, within thirty (30) days after Employee has fully disclosed such plans to Employer, whether rights in such work will be claimed by Employer. If Employer determines that it does not claim rights in such work, Employer agrees to so notify Employee in writing and Employee may retain ownership of the work to the extent that such work has been expressly disclosed to Employer. If Employer fails to so notify Employee within such thirty (30) day period, then Employer shall be deemed to have agreed that such work is not considered Work Product for purposes of this Agreement. Employee agrees to submit for further review any significant improvement, modification, or adaptation that could reasonably be related to Employer' s Business so that it can be determined whether the improvement, modification, or adaptation relates to the business or interests of Employer. Clearance under this procedure does not relieve Employee of the restrictive covenants set forth in this Section 8.

8.7. *Non-Disparagement.* For a period of ten (10) years after the termination of this Agreement, Employee will not, directly or indirectly, as an individual or on behalf of a firm, corporation, partnership or other legal entity, make any disparaging or negative comment to any other person or entity regarding Employer or any of its affiliates, agents, attorneys, employees, officers and directors, Employee' s work conditions or circumstances surrounding Employee' s separation from Employer or otherwise impugn or criticize the name or reputation of Employer, its affiliates, agents, attorneys, employees, officers or directors, orally or in writing.

8.8. *Review by Employee.* **Employee has carefully read and considered the terms and provisions of this Section 8, and having done so, agrees that the restrictions set forth in this Section 8 are fair and reasonably required for the protection of the interests of Employer.** In the event that any term or provision set forth in this Section 8 shall be held to be invalid or unenforceable by a court of competent jurisdiction, the parties hereto agree that such invalid or unenforceable term(s) or provision(s) may be severed from this Agreement without, in any manner, affecting the remaining portions hereof. Without limiting other possible remedies available to Employer, Employee agrees that injunctive or other equitable relief will be available to enforce the covenants set forth in this Section, such relief to be without the necessity of posting a bond. In the event that, notwithstanding the foregoing, any part of the covenants set forth in this Section shall be held to be invalid, overbroad, or unenforceable by an arbitration panel or a court of competent jurisdiction, the parties hereto agree that such invalid, overbroad, or unenforceable provision(s) may be modified or severed from this Agreement without, in any manner, affecting the remaining portions of this Section 8 (all of which shall remain in full force and effect). In the event that any provision of this Section 8 related to time period or areas of restriction shall be declared by an arbitration panel or a court of competent jurisdiction to exceed the maximum time period, area or activities such arbitration panel or court deems reasonable and enforceable, said time period or areas of restriction shall be deemed modified to the minimum extent necessary to make the geographic or temporal restrictions or activities reasonable and enforceable.

8.9. *Survival.* The provisions of this Section 8 shall survive the termination of this Agreement and Employee' s employment with Employer. The provisions of this Section 8 shall apply during the time Employee is receiving Disability payments from Employer as a result of a termination of this Agreement pursuant to Section 4.2 hereof. In the event of a breach of this Section 8 by Employee, Employer retains the right to terminate any continuing payments to Employee provided for in Section 5 of this Agreement. The provisions of this Section 8 are expressly intended to benefit and be enforceable by other affiliated entities of Employer, who are express third party beneficiaries hereof. Employee shall not assist others in engaging in any of the activities described in the foregoing restrictive covenants.

9. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or any alleged breach hereof shall be finally determined by a single arbitrator, jointly selected by the Employee and Employer, provided that if Employee and Employer are unable to agree upon a single arbitrator after reasonable efforts, the arbitrator shall be an impartial arbitrator selected by the American Arbitration Association. Each party hereto shall share equally the costs of the arbitrator, and the parties agree that the costs of arbitration shall not be subject to reapportionment by the arbitrator; provided, however, that if following a termination of Employee' s employment that follows a Change in Control or if following a termination of Employee' s employment for Good Reason that follows any person other than Roger J. Medel or Joseph M. Calabro commencing service as the senior most executive officer of Mednax, Employee seeks arbitration to enforce the terms of this Agreement, Employer shall bear all costs associated with such arbitration, including but not limited to all costs of the arbitrator, and shall reimburse Employee on a monthly basis for his reasonable legal and other expenses, including all fees, incurred in connection with any such arbitration. The arbitration proceedings shall be held in Sunrise, Florida, unless otherwise mutually agreed by the parties, and shall be conducted in accordance with the American Arbitration Association National Rules for the Resolution of Employment Disputes then in effect. Judgment on the award rendered by the arbitration panel may be entered and enforced by any court having jurisdiction thereof. Any such arbitration shall be treated as confidential by all parties thereto, except as otherwise provided by law or as otherwise necessary to enforce any judgment or order issued by the arbitrators.

Notwithstanding anything herein to the contrary, if Employer or Employee shall require immediate injunctive relief, then the party shall be entitled to seek such relief in any court having jurisdiction, and if the party elects to do so, the other party hereby consents to the jurisdiction of the state and federal courts sitting in the State of Florida and to the applicable service of process. Employee and Employer hereby waive and agree not to assert, to the fullest extent permitted by applicable law, any claim that (i) they are not subject to the jurisdiction of such courts, (ii) they are immune from any legal process issued by such courts and (iii) any litigation or other proceeding commenced in such courts is brought in an inconvenient forum. In the event that either party hereto brings suit seeking injunctive relief, the party found to be at fault shall pay all reasonable court costs and attorneys' fees of the other, whether such costs and fees are incurred in a court of original jurisdiction or one or more courts of appellate jurisdiction. Notwithstanding the foregoing, in the event that Employer brings suit against Employee seeking injunctive relief, Employer agrees to advance all of Employee' s reasonable legal and other expenses, including all fees, incurred by the Employee in connection with such action, provided, however, that if Employer ultimately prevails in seeking injunctive relief, Employee shall reimburse Employer all such advanced legal fees and other expenses.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its conflict of laws principles to the extent that such principles would require the application of laws other than the laws of the State of Florida.

11. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or when deposited in the United States mail by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer:

Mednax Services, Inc.
1301 Concord Terrace
Sunrise, FL 33323
Attention: President

If to Employee:

Dominic J. Andreano
1301 Concord Terrace
Sunrise, FL 33323

or to such other addresses as either party hereto may from time to time give notice of to the other in the aforesaid manner.

12. Benefits: Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns. Notwithstanding the foregoing, Employee may not assign the rights or benefits hereunder without the prior written consent of Employer.

13. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area, which would cure such invalidity.

14. Waivers. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

15. Damages. Nothing contained herein shall be construed to prevent Employer or Employee from seeking and recovering from the other damages sustained by either or both of them as a result of a breach of any term or provision of this Agreement.

16. No Third Party Beneficiary. Except as provided in Section 8.9, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person (other than the parties hereto and, in the case of Employee, Employee' s heirs, personal representative(s) and/or legal representative) any rights or remedies under or by reason of this Agreement. No agreements or representations, oral or otherwise, express or implied, have been made by either party with respect to the subject matter of this Agreement which agreements or representations are not set forth expressly in this Agreement, and this Agreement supersedes any other employment agreement between Employer and Employee.

17. Assignment. This Agreement may be assigned by Employer upon notice to Employee.

The remainder of this page has been left blank intentionally.

IN WITNESS WHEREOF, the undersigned have executed this Agreement this 12th day of February, 2019, effective as of the Effective Date.

EMPLOYER:

EMPLOYEE:

MEDNAX SERVICES, INC.

By: /s/ Manuel Kadre
Manuel Kadre
Chairman, Compensation Committee

By: /s/ Dominic J. Andreano
Dominic J. Andreano

EXHIBIT A

BUSINESS OF EMPLOYER

As of the date hereof, Employer, directly or through its affiliates, provides professional medical services and all aspects of practice management services in medical practice areas that include, but are not limited to, the following (collectively referred to herein as "Employer's Business"):

- (1) Neonatology, including hospital well baby care;
- (2) Maternal-Fetal Medicine, including general obstetrics services;
- (3) Pediatric Cardiology;
- (4) Pediatric Intensive Care, including Pediatric Hospitalist Care;
- (5) Newborn hearing screening services;
- (6) Pediatric Surgery;
- (7) Pediatric Emergency Medicine;
- (8) Anesthesiology, critical care medicine and pain management; and
- (9) Radiology and Teleradiology.

References to Employer's Business in this Agreement shall include such other medical service lines, practice management services and other businesses in which Employer is engaged during the Employment Period; *provided*, that to be considered a part of Employer's Business, Employer must have engaged in such other service line, practice management service or other business at least six (6) months prior to the termination date of this Agreement. For purposes of this Exhibit A, businesses of Employer shall include the businesses conducted by Employer's subsidiaries, entities under common control and affiliates as defined under Rule 144 of the Securities Act of 1933, as amended. Such affiliates shall include the professional corporations and associations whose operating results are consolidated with Employer for financial reporting purposes.

Notwithstanding the foregoing, Employer acknowledges and agrees to the following exceptions and clarifications regarding the scope of Employer's Business.

A. Hospital Services. Employer and Employee acknowledge that, as of the date hereof, Employer does not currently operate hospitals, hospital systems or universities. Nevertheless, the businesses of hospitals, hospital systems and universities would be the same as Employer's Business where such hospitals, hospital systems or universities provide or contract with others to provide some or all of the medical services included in Employer's Business. Therefore, the parties desire to clarify their intent with respect to the limitations on Employee's ability to work for or contract with others to provide services for a hospital, hospital system or university during the Employment Period and during the Restricted Period. Section 8.1 shall not be deemed to restrict Employee's ability to work for a hospital, hospital system or university if the hospital, hospital system or university does not provide any of the medical services included in Employer's Business. Furthermore, even if a hospital, hospital system or university provides medical services that are included in Employer's Business, Employee may work for such hospital,

hospital system or university if Employee has no direct supervisory responsibility for or involvement in the hospital' s, hospital system' s or university' s medical services that are Employer' s Business. Finally, Employer agrees that Employee may hold direct supervisory responsibility for or be involved in the medical services of a hospital, hospital system or university that are included in Employer' s Business so long as such hospital, hospital system or university is located at least ten (10) miles from a medical practice owned or operated by Employer or its affiliate. Subject to paragraph B below, the provisions of this paragraph shall not apply to the extent that, after the date hereof, Employer enters into the business of operating a hospital or hospital system.

B. *De Minimus Exception.* Employer agrees that a medical service line (other than those listed in items 1 through 9 above), practice management service or other business in which Employer is engaged shall not be considered to be a part of Employer' s Business if such medical service line, practice management service or other business constitutes less than three percent (3%) of Employer' s annual revenues.

C. *Certain Ownership Interests.* It shall not be deemed to be a violation of Section 8.1 for Employee to: (i) own, directly or indirectly, one percent (1%) or less of a publicly-traded entity that has a market capitalization of \$1 billion or more; (ii) own, directly or indirectly, five percent (5%) or less of a publicly-traded entity that has a market capitalization of less than \$1 billion; or (iii) own, directly or indirectly, less than ten percent (10%) of a privately-held business or company, if Employee is at all times a passive investor with no board representation, management authority or other special rights to control operations of such business or company.

EXHIBIT B
COMPENSATION

Performance Bonus: Target of One Hundred Percent (100%) of Employee' s Base Salary with a Maximum Bonus potential of Two Hundred Percent (200%) of Employee' s Base Salary

Equity Compensation: Employee' s annual equity compensation grant target amount shall be at least \$1,050,000, subject to the approval of the Compensation Committee of the Board of Directors.

EXHIBIT C

FORM OF RELEASE

GENERAL RELEASE OF CLAIMS

1. _____ (“Employee”), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the consideration received pursuant to Section 5.[] of the Employment Agreement to which this release is attached as Exhibit C (the “Employment Agreement”), does hereby release and forever discharge _____ (“Employer”), its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers, employees, shareholders or agents in such capacities (collectively with Employer, the “Released Parties”) from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Employee’ s employment or termination thereof, whether for discrimination, harassment, retaliation, tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Employee acknowledges that Employer encouraged him to consult with an attorney of his choosing, and through this General Release of Claims encourages Employee to consult with his attorney with respect to possible claims under the Age Discrimination in Employment Act (“ADEA”) and that he understands that the ADEA is a Federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefits and benefit plans. Without limiting the generality of the release provided above, Employee expressly waives any and all claims under ADEA that he may have as of the date hereof. Employee further understands that by signing this General Release of Claims he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any actions to enforce rights to receive any payments or benefits which may be due Employee pursuant to Section 5.[] of the Employment Agreement, or under any of Employer’ s employee benefit plans, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification rights Employee may have as a former officer or director of Employer or its subsidiaries or affiliated companies, (iv) any claims for benefits under any directors’ and officers’ liability policy maintained by Employer or its subsidiaries or affiliated companies in accordance with the terms of such policy, and (v) any rights as a holder of equity securities of Employer.

2. Employee represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of, any charges, lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Employee pursuant to paragraph 1 hereof (a “Proceeding”).

3. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement or any other agreement between Employer and Employee shall prevent Employee from filing a charge, sharing information and communicating in good faith, without prior notice to the Company, with any federal government agency having jurisdiction over the Company or its operations, and cooperating in any investigation by any such federal government agency; However, to the maximum extent permitted by law, Employee agrees that if such an administrative claim is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies.

4. Employee hereby acknowledges that Employer has informed him that he has up to twenty-one (21) days to sign this General Release of Claims and he may knowingly and voluntarily waive that twenty-one (21) day period by signing this General Release of Claims earlier. Employee also understands that he shall have seven (7) days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to Employer.

5. Employee acknowledges that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the State of Florida applicable to contracts made and to be performed entirely within such State.

6. Employee acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this general release of claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

7. This General Release of Claims shall take effect on the eighth day following Employee' s execution of this General Release of Claims unless Employee' s written revocation is delivered to Employer within seven (7) days after such execution.

_____, 20__

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into by and between **MEDNAX SERVICES, INC.**, a Florida corporation (“Employer”) and **DAVID A. CLARK** (“Employee”) effective as the Effective Date.

RECITALS

WHEREAS, Employer is presently engaged in “Employer’ s Business” as defined on Exhibit A hereto; and

WHEREAS, Employee has previously served in various management positions with the Employer, it’ s predecessor company and their affiliates, and is receiving a promotion to Chief Operating Officer of Employer as of the Effective Date of this Agreement; and

WHEREAS, Employer and Employee previously entered in an Employment Agreement dated February 12, 2018 (the “Prior Employment Agreement”), which will be superseded in its entirety upon the execution of this Agreement; and

WHEREAS, Employer desires to continue to employ Employee and benefit from Employee’ s contributions to Employer; and

WHEREAS, in order to induce Employer to enter into this Agreement on the terms and conditions set forth herein (including an increase in compensation over what was provided under the Prior Employment Agreement), and disclose its trade secrets and confidential information in connection with Employee’ s employment by Employer and award from time to time equity based compensation, Employee hereby agrees to be bound by the terms of this Agreement, including the arbitration, non-competition and related restrictive covenants set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties agree as follows:

1. Employment.

1.1. *Employment and Term.* Employer hereby agrees to employ Employee and Employee hereby agrees to serve Employer on the terms and conditions set forth herein for an “Initial Term” commencing February 12, 2019 (the “Effective Date”) and continuing for a period of three (3) years, unless sooner terminated as hereinafter set forth. Thereafter, the employment of Employee hereunder shall automatically renew for successive one (1) year periods until terminated in accordance herewith. The Initial Term and any automatic renewals shall be referred to as the “Employment Period.”

1.2. *Duties of Employee.* During the Employment Period, Employee shall serve as Chief Operating Officer for Employer and perform such duties as are customary to the position Employee holds or as may be assigned to Employee from time to time by Employee’ s supervisor

(“Employee’s Supervisor”); *provided*, that such duties as assigned shall be customary to Employee’s role as an officer of Employer. Employee’s employment shall be full-time and as such Employee agrees to devote substantially all of Employee’s attention and professional time to the business and affairs of Employer. Employee shall perform Employee’s duties honestly, diligently, competently, in good faith and in the best interest of Employer. Employee will devote best efforts to the promotion of the goodwill of Employer and of its employees and affiliates. During the Employment Term, Employer shall promote the proficiency of Employee by, among other things, providing Employee with Confidential Information, specialized professional development programs, and information regarding the organization, administration and operation of Employer. During the Employment Period, Employee agrees that Employee will not, without the prior written consent of Employer (which consent shall not be unreasonably withheld), serve as a director on a corporate board of directors or in any other similar capacity for any institution other than Employer. During the Employment Period, it shall not be a violation of this Agreement to (i) serve on civic or charitable boards or committees, or (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, so long as such activities have been approved by Employer’s General Counsel and do not interfere with the performance of Employee’s responsibilities as an employee of Employer in accordance with this Agreement, including the restrictions of Section 8 hereof.

1.3. *Place of Performance.* Employee shall be based at Employer’s offices located in Sunrise, Florida, except for required travel relating to Employer’s Business.

2. Base Salary and Performance Bonus.

2.1. *Base Salary.* Employee shall be paid an annual base salary as determined by Employee’s supervisor from time to time (the “Base Salary”), payable in installments consistent with Employer’s customary payroll schedule and subject to applicable withholding for taxes and other Employee directed withholdings. Any increase to Employee’s Base Salary that is approved by Employee’s Supervisor shall become Employee’s new Base Salary for purposes of this Agreement.

2.2. *Performance Bonus.* Employee shall be eligible for an annual bonus in accordance with the incentive programs approved from time to time by the Compensation Committee, which programs shall contemplate a target bonus payment of at least the amount set forth on Exhibit B (the “Performance Bonus”) based upon the fulfillment of reasonable performance objectives set by the Compensation Committee. Except in the situations described in Sections 5.2, 5.3, 5.4, 5.5 and 5.7, the Performance Bonus shall only be payable to Employee if Employee is employed with Employer as of the date that the Performance Bonus is paid by Employer. Each Performance Bonus shall be paid in the calendar year immediately following the calendar year in which it is earned, as soon as practicable after the audited financial statements for Employer for the year for which the bonus is earned have been released; provided, however, that if calculation of Employee’s Performance Bonus is not administratively practicable due to events beyond the control of Employer, then Employer may delay payment of the Performance Bonus provided that the payment is made during the first taxable year of Employee in which the calculation of the amount of the payment is administratively practicable.

3. Benefits.

3.1. *Expense Reimbursement.* Employer shall promptly reimburse Employee for all out-of-pocket expenses reasonably incurred by Employee during the Employment Period on behalf of or in connection with Employer's Business pursuant to the reimbursement standards and guidelines of Employer in effect from time to time. Employee shall account for such expenses and submit reasonable supporting documentation to Employer in accordance with Employer's policies in effect from time to time.

3.2. *Employee Benefits.* During the Employment Period, Employee shall be entitled to participate in such health, welfare, disability, retirement savings and other fringe benefit plans and programs (subject to the terms and conditions of such plans and programs) as may be provided from time to time to employees of Employer and to the extent that such plans and programs are applicable to other similarly situated employees of Employer.

3.3. *Leave Time.* During the Employment Period, Employee shall be entitled to paid vacation and leave days each calendar year in accordance with the leave policies established by Employer from time to time, but in no event less than thirty-eight (38) days per year. Any leave time not used during each fiscal year of Employer may be carried over into the next year to the extent permitted by Employer policy.

3.4. *Equity Plans.* During the Employment Period, Employee shall be eligible to participate in MEDNAX, Inc.'s Amended and Restated 2008 Incentive Compensation Plan, as amended, or any other similar plan adopted by MEDNAX, Inc. (each an "Equity Plan") that provides for the issuance of stock options, stock appreciation rights, restricted stock, deferred stock, bonus stock, awards payable in stock or any other stock based award (each an "Equity Award"). Employee's stock-based award each year shall be determined by the Compensation Committee of MEDNAX, Inc.'s Board of Directors based on Employee's performance and Employer's performance during the immediately preceding year and shall be at least the amount set forth on Exhibit B hereto. Every Equity Award made to Employee shall be subject to the terms and conditions of this Agreement, the applicable award agreement and the terms of the Equity Plan. Employee shall also be eligible to participate in MEDNAX, Inc.'s non-qualified employee stock purchase plan and any successor plan. Employee acknowledges Employee's participation in the Equity Plan pursuant to this Section 3 is sufficient consideration for Employee to enter into this Agreement, including the restrictive covenants set forth in Section 8 below.

4. Termination.

4.1. *Termination for Cause.* Employer may terminate Employee's employment under this Agreement for Cause. As used in this Agreement, the term "Cause" shall mean the occurrence of any of (i) Employee's engagement in (A) willful misconduct resulting in material harm to Mednax or Employer, or (B) gross negligence; (ii) Employee's conviction of, or pleading nolo contendere to, a felony or any other crime involving fraud, financial misconduct, or misappropriation of Employer's assets; (iii) Employee's willful and continual failure, after written notice from Employee's Supervisor or the Board to (A) perform substantially his employment

duties consistent with his position and authority, or (B) follow, consistent with Employee' s position, duties, and authorities, the reasonable lawful mandates of Employee' s Supervisor or the Board; (iv) Employee' s failure or refusal to comply with a reasonable policy, standard or regulation of Employer in any material respect, including but not limited to Employer' s sexual harassment, other unlawful harassment, workplace discrimination or substance abuse policies; or (v) Employee' s breach of Section 8.4 of this Agreement. No act or omission shall be deemed willful or grossly negligent for purposes of this definition if taken or omitted to be taken by Employee in a good faith belief that such act or omission to act was in the best interests of Employer or Mednax or if done at the express direction of the Board of Directors of Mednax. The termination date for a termination of Employee' s employment under this Agreement pursuant to this Section 4.1 shall be the date specified by Employer in a written notice to Employee of finding of Cause, which may not be retroactive. Upon termination of Employee' s employment under this Agreement pursuant to Section 4.1, Employee shall be entitled to compensation in accordance with and subject to, the provisions of Section 5.1 hereof.

4.2. *Disability.* Employer may terminate Employee' s employment under this Agreement upon the Disability (as defined below) of Employee. Subject to the requirements of applicable law, Employee shall be deemed to have a "Disability" for purposes of this Agreement in the event of (i) Employee' s inability to perform Employee' s duties hereunder, with or without a reasonable accommodation, as a result of physical or mental illness or injury, and (ii) a determination by an independent qualified physician selected by Employer and acceptable to Employee (which acceptance shall not be unreasonably withheld) that Employee is currently unable to perform such duties and in all reasonable likelihood such inability will continue for a period in excess of an additional ninety (90) or more days in any one hundred twenty (120) day period. The termination date for a termination of this Agreement pursuant to this Section 4.2 shall be the date specified by Employer in a notice to Employee, which date shall not be retroactive. Upon any termination of this Agreement pursuant to this Section 4.2, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.2 hereof.

4.3. *Death.* Employee' s employment under this Agreement shall terminate automatically upon the death of Employee, without any requirement of notice by Employer to Employee' s estate. The date of Employee' s death shall be the termination date for a termination of Employee' s employment under this Agreement pursuant to this Section 4.3. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.3, Employee shall be entitled to the compensation specified in Section 5.3 hereof.

4.4. *Termination by Employer Without Cause.* Employer may terminate Employee' s employment without cause by giving Employee written notice of such termination. The termination date shall be the date specified by Employer in such notice, which may be up to ninety (90) days from the date of such notice. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.4, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.4 hereof.

4.5. *Termination by Employee Due to Poor Health.* Employee may terminate Employee' s employment under this Agreement upon written notice to Employer if Employee' s health should become impaired to any extent that makes the continued performance of Employee' s duties under this Agreement hazardous to Employee' s physical or mental health or Employee' s life (regardless of whether such condition would be deemed a Disability under any other Section of this Agreement), *provided* that Employee shall have furnished Employer with a written statement from a qualified doctor to that effect, and *provided further* that, at Employer' s written request and expense, Employee shall submit to a medical examination by an independent qualified physician selected by Employer and acceptable to Employee (which acceptance shall not be unreasonably withheld), which doctor shall substantially concur with the conclusions of Employee' s doctor. The termination date shall be the date specified in Employee' s notice to Employer, which date may not be earlier than thirty (30) days nor later than ninety (90) days from Employer' s receipt of such notice. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.5, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.5 hereof.

4.6. *Termination by Employee.* Employee may terminate Employee' s employment under this Agreement for any reason whatsoever upon not less than ninety (90) days prior written notice to Employer. Upon receipt of such notice from Employee, Employer may, at its option, require Employee to terminate employment at any time in advance of the expiration of such ninety (90) day period. The termination date under this Section 4.6 shall be the date specified by Employer, but in no event more than ninety (90) days after Employer' s receipt of notice from Employee as contemplated by this Section. Upon any termination of Employee' s employment under this Agreement pursuant to this Section 4.6, Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.6 hereof.

4.7. *Termination by Employee for Good Reason.* Employee may terminate Employee' s employment hereunder for Good Reason. For purposes of this Section, "Good Reason" shall mean:

(a) a decrease in Employee' s Base Salary;

(b) a decrease in Employee' s Performance Bonus opportunity as set forth on Exhibit B or a failure of the Compensation Committee to approve an annual equity grant within the guidelines set forth on Exhibit B; or

(c) within a twenty-four (24) month period after a Change in Control (as defined below), Employee is either (i) assigned any position, duties, responsibilities or compensation that is inconsistent with the position, duties, responsibilities or compensation of Employee prior to such Change in Control, (ii) required to report to any person other than the President or Chief Executive Officer of Employer in place just prior to the Change in Control (unless Employee becomes Chief Executive Officer of Employer or its equivalent and reports directly to the Board, as defined below), or (iii) required to perform services under this Agreement from another location more than twenty-five (25) miles from Employee' s location prior to the Change in Control. For purposes of this Agreement, "Change in Control" shall mean (i) the acquisition by a person or an entity or a group of persons and entities, directly or indirectly, of more than fifty (50%) percent of MEDNAX, Inc.' s common stock in a single transaction or a series of transactions (hereinafter referred

to as a "50% Change in Control"), (ii) a merger or other form of corporate reorganization of MEDNAX, Inc. resulting in an actual or *de facto* 50% Change in Control, or (iii) the failure of Applicable Directors (defined below) to constitute a majority of MEDNAX, Inc.' s Board of Directors (the "Board") during any two (2) consecutive year period after the date of this Agreement (the "Two-Year Period"). "Applicable Directors" shall mean those individuals who are members of the Board at the inception of a Two-Year Period and any new director whose election to the Board or nomination for election to the Board was approved (prior to any vote thereon by the shareholders) by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the Two-Year Period at issue or whose election or nomination for election during such Two-Year Period was previously approved as provided in this sentence; or

(d) the assignment to Employee of any position inconsistent with the present position Employee holds, or material diminution in Employee' s authority, excluding for this purpose any isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by Employer promptly after receipt of written notice; or

(e) the requirement by Employer that Employee be based in any office or location outside of the metropolitan area where Employer' s present corporate offices are located (it being understood that Employee may be presently based at another location), except for travel reasonably required in the performance of Employee' s duties.

(f) any other action or inaction that constitutes a material breach of this Agreement by Employer.

If Employee desires to terminate Employee' s employment under this Agreement pursuant to this Section, Employee must, within one hundred eighty (180) days after the occurrence of events giving rise to the Good Reason, provide Employer with a written notice describing the Good Reason in reasonable detail. If Employer fails to cure the matter cited within thirty (30) days after the date of Employee' s notice, then this Agreement shall terminate as of the end of such thirty (30) day cure period, *provided, however*; that Employer may, at its option, require Employee to terminate employment at any time in advance of the expiration of such thirty (30) day cure period. If Employee terminates Employee' s employment under this Agreement pursuant to this Section 4.7, then Employee shall be entitled to compensation and/or benefits in accordance with, and subject to, the provisions of Section 5.7 hereof.

5. Compensation and Benefits Upon Termination.

5.1. *Cause.* If Employee' s employment is terminated for Cause, Employer shall pay Employee' s Base Salary through the termination date specified in Section 4.1 at the rate in effect at the termination date. Upon payment of such amounts, plus any amounts as may be due under Section 5.8 below, Employer shall have no further obligation to Employee under this Agreement.

5.2. *Disability.* In the event of Employee' s Disability, Employee shall continue to receive Employee' s Base Salary for the first ninety (90) days of Disability. If Employee' s employment is terminated pursuant to Section 4.2 in connection with Employee' s Disability, Employee shall receive Employee' s monthly Base Salary for a period of twelve (12) months after the termination date, plus a bonus calculated in accordance with Section 5.11 and any amounts as may be due under Section 5.8, 5.9 and 5.14.

5.3. *Death.* Upon Employee' s death during the Employment Period, Employer shall pay to the person or entity designated by Employee in a notice filed with Employer or, if no person is designated, to Employee' s estate any unpaid amounts of Base Salary to the date of Employee' s death, plus any amounts as may be due under Sections 5.8, 5.11 and 5.14 below. Any payments Employee' s spouse, beneficiaries or estate may be entitled to receive pursuant to any pension plan, employee welfare benefit plan, life insurance policy, or similar plan or policy then maintained by Employer shall be determined and paid in accordance with the written instruments governing the respective plans and policies. In the event of Employee' s death during the Employment Period, Employer shall notify Employee' s designee or estate of the Equity Awards held by Employee and the procedures pursuant to which all vested stock options may be exercised and other Equity Awards may be realized under the terms applicable to such awards.

5.4. *Termination by Employer Without Cause.* If Employer terminates Employee' s employment in accordance with Section 4.4, then (i) Employer shall pay Employee' s Base Salary through the termination date specified in Section 4.4 at the rate in effect at such termination date, plus any amount due under Sections 5.8 and 5.14 hereof; (ii) within thirty (30) days, pay Employee a bonus calculated in accordance with Section 5.11 hereof; (iii) Employer shall continue to pay Employee' s monthly Base Salary for a period of twenty-four (24) months after the termination date; (iv) within thirty (30) days of the first (1st) anniversary of the termination date, pay Employee an amount equal to 1.5x Employee' s Average Annual Performance Bonus (as defined below); and (v) if applicable, Employee shall vest into the Accelerated Awards (as defined below) as set forth in Section 5.14 hereof. For purposes of this Agreement, "Average Annual Performance Bonus" shall be equal to the average of the percentage of the Performance Bonus target achieved by Employee for the three (3) full calendar years prior to the termination date, and calculated based on Employee' s Base Salary and target Performance Bonus in Employee' s current position. *For illustration purposes, if Employee earned 40%, 100% and 70% of Employee' s target Performance Bonus in each of the three full calendar years prior to termination, and Employee' s current target Performance Bonus was 100% of Base Salary, and Base Salary was \$450,000.00, then Employee' s Average Annual Performance Bonus would equal \$315,000.00. ((40%+ 100% + 70%) / 3 x 100% x \$450,000.00 = \$315,000.00).*

5.5. *Termination by Employee Due to Poor Health.* If Employee terminates Employee' s employment under this Agreement pursuant to Section 4.5 hereof, Employer shall pay to Employee any unpaid amounts of Base Salary to the termination date specified in Section 4.5, plus any disability payments otherwise payable by or pursuant to plans provided by Employer, plus any amounts as may be due under Sections 5.8, 5.11 and 5.14 below.

5.6. *Termination by Employee.* If Employee' s employment under this Agreement terminates pursuant to Section 4.6 hereof, Employer shall pay to Employee any unpaid amounts of Base Salary to the termination date specified in Section 4.6, plus any amounts as may be due under Section 5.8 below. In the event that the termination date specified by Employer is less than ninety (90) days after the date of Employer' s receipt of notice as contemplated by Section 4.6, then Employer shall continue Employee' s Base Salary for a period of days equal to ninety (90) minus the number of days from Employee' s notice to the termination date.

5.7. *Termination for Good Reason.* If Employee' s employment under this Agreement is terminated pursuant to Sections 4.7(a), (b), (d), (e), or (f), then Employer shall (i) pay Employee' s Base Salary through the termination date specified in Section 4.7 at the rate in effect at such termination date, (ii) pay any amounts as may be due under Sections 5.8, 5.11 and 5.14, and (iii) continue to pay Employee' s Base Salary for a period of eighteen (18) months after the termination date. If this Agreement is terminated pursuant to Section 4.7(c), then Employer shall (i) pay Employee' s Base Salary through the termination date specified in Section 4.7 at the rate in effect at such termination date, (ii) pay any amounts as may be due under Sections 5.8, 5.11 and 5.14, and (iii) continue to pay Employee' s Base Salary for a period of twenty-four (24) months after the termination date.

5.8. *Expense Reimbursement.* Employee shall be entitled to reimbursement for reasonable business expenses incurred prior to the termination date, subject, however to the provisions of Section 3.1. Such reimbursement shall be made at the times and in accordance with Employer' s normal procedures for reimbursements.

5.9. *Continuation of Benefit Plans.* Employee shall be entitled to continuation of health, medical, hospitalization and other similar health insurance programs on the same basis as regular, full-time employees of Employer and their eligible dependents during the period that Employee is receiving Base Salary payments under Section 5 of this Agreement and, in all cases, as provided by any applicable law. Following such period of continued benefit plan coverage, Employee and each of his eligible dependents shall be entitled to elect for continuation of coverage provided pursuant to Section 601 et. seq. of the Employee Retirement Income Security Act of 1974, 29 USC §1101 ("COBRA").

5.10 *Period for Exercising Stock Options After Termination.* Except as to incentive stock options granted in accordance with Section 422 of the Internal Revenue Code, after termination of Employee' s employment under this Agreement for any reason other than pursuant to Section 4.1, Employee shall be allowed a period of twelve months during which to exercise any vested options to purchase MEDNAX, Inc.' s common stock or vested stock appreciation rights and realize any other vested Equity Awards that may be granted or made under any Equity Plan; provided, however, that in no event shall the period during which Employee may exercise any vested stock option or vested stock appreciation right be extended pursuant to this Section 5.10 to a date that is later than the earlier of (i) the latest date upon which the stock right could have expired by its original terms under any circumstances or (ii) the tenth (10th) anniversary of the original date of grant of the stock right. In all other respects, the terms of the applicable Equity Plan shall control the terms and conditions of any Equity Awards.

5.11. *Performance Bonus.* In the situations described in Sections 5.2, 5.3, 5.4, 5.5 and 5.7, upon termination of this Agreement, Employee will be paid, solely in consideration of services rendered by Employee prior to termination, a bonus with respect to Employer' s fiscal year in which the termination date occurs, equal to the Performance Bonus, if any, that would have

been payable to Employee, based on Employee and Employer meeting certain goals and objectives, for the fiscal year if Employee' s employment had not been terminated, multiplied by the number of days in the fiscal year prior to and including the date of termination and divided by three hundred sixty five (365). The amount of the Post-Termination Performance Bonus paid in the situations described in Sections 5.2, 5.3, 5.4 5.5 and 5.7 shall be determined in good faith by Employer in its sole discretion at the time that Employer distributes bonuses to similarly situated employees. Any amount payable under this Section 5.11 shall be paid to Employee when Employer pays performance bonuses to its eligible employees, which shall be in the calendar year following the termination date of this Agreement. In addition, in the situations described in Section 5.7, Employee will be paid, solely in consideration of services rendered by Employee prior to termination, an additional bonus with respect to Employer' s fiscal year in which the termination date occurs, equal to 1.5x the greater of Employee' s Average Annual Performance Bonus (as defined in Section 5.4) or Employee' s bonus for the year immediately preceding Employee' s termination. Such additional bonus shall be payable to Employee within ninety (90) days of Employee' s termination date pursuant to Section 4.7.

5.12. Section 409A Compliance.

(a) General. It is the intention of both Employer and Employee that the benefits and rights to which Employee could be entitled in connection with termination of employment comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), and the provisions of this Agreement shall be construed in a manner consistent with that intention. If Employee or Employer believes, at any time, that any such benefit or right does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A of the Code (with the most limited possible economic effect on Employee and on Employer).

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of Employee' s employment shall be made unless and until Employee incurs a "separation from service", within the meaning of Section 409A.

(c) 6 Month Delay for Specified Employees.

(i) If Employee is a "specified employee", then no payment or benefit that is payable on account of Employee' s "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after Employee' s "separation from service" (or, if earlier, the date of Employee' s death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, Employee shall be considered to be a “specified employee” if, at the time of his or her separation from service, Employee is a “key employee”, within the meaning of Section 416(i) of the Code, of Employer (or any person or entity with whom Employer would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(iii) Unless otherwise required to comply with Section 409A, a payment or benefit shall not be deferred pursuant to this provision if:

(x) it is not made on account of Employee’s “separation from service”, (y) it is required to be paid no later than within 2 ½ months after the end of the taxable year of Employee in which the payment or benefit is no longer subject to a “substantial risk of forfeiture”, as that term is defined for purposes of Section 409A, or (z) the payment satisfies the following requirements: (A) it is being paid or provided due to Employer’s termination of Employee’s employment without Cause (Section 4.4) or Employee’s termination of employment after a Change in Control for the reasons set forth in Section 4.7 hereof, (B) it does not exceed two times the lesser of (1) Employee’s annualized compensation from Employer for the calendar year prior to the calendar year in which the termination of Employee’s employment occurs, and (2) the maximum amount of compensation that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee’s employment terminates, and (C) the payment is required under this Agreement to be paid no later than the last day of the second calendar year following the calendar year in which Employee incurs a “separation from service”.

(d) No Acceleration of Payments. Neither Employer nor Employee, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which Employee is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Reimbursements and In-Kind Benefits.

(i) Any reimbursements by Employer to Employee of any eligible expenses pursuant to Section 3.1 or 5.8 of this Agreement, that are not excludible from Employee’s income for Federal income tax purposes (“Taxable Reimbursements”) shall be made on or before the last day of the taxable year of Employee following the year in which the expense was incurred.

(ii) The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to Employee under this Agreement, during any taxable year of Employee shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of Employee.

(iii) The right to Taxable Reimbursements, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit.

5.13. *Release.* Employer shall provide Employee with a general release in the form attached as Exhibit C (subject to such modifications as Employer may reasonably request) within seven (7) days after Employee' s termination date. Payments or benefits to which Employee may be entitled pursuant to this Section 5 (other than any accrued but unpaid Base Salary and employee benefits as of the end of the Employment Period) (the "Severance Amounts") shall be conditioned upon Employee executing the general release within 21 days after receiving it from Employer and the general release becoming irrevocable upon the expiration of 7 days following the Employee' s execution of it. Payment of the Severance Amounts shall be suspended during the period (the "Suspension Period") that begins on Employee' s termination date and ends on the date ("Suspension Termination Date") that is thirty-five (35) days after Employee' s termination date; provided, however, that this suspension shall not apply, and Employer shall be required to provide, any continued health insurance coverage that would be required under Section 5.9 hereof during the Suspension Period. If Employee executes the general release and the general release becomes irrevocable by no later than the Suspension Termination Date, then payment of any Severance Amounts that were suspended pursuant to this provision shall be made in the first payroll period that follows the Suspension Termination Date, and any Severance Amounts that are payable after the Suspension Termination Date shall be paid at the times provided in Section 5.

5.14. *Vesting of Incentive Awards.* Notwithstanding any contrary provision in this Agreement or any Equity Plan then maintained by MEDNAX, Inc.:

(a) all Equity Awards granted to Employee by MEDNAX, Inc. prior to termination of this Agreement shall continue to vest until fully vested following a termination of Employee' s employment pursuant to Section 4.2, 4.3, and 4.5, and, following a termination of Employee' s employment pursuant to Sections 4.4 or 4.7 shall become fully vested, non-forfeitable, and if applicable, exercisable; and

(b) in the event of a Change in Control after the date of this Agreement:

(i) if, prior to the one (1) year anniversary of the effective date of such Change in Control, the employment by MEDNAX, Inc. or its affiliates or successors of both Roger J. Medel, M.D. and Joseph M. Calabro is terminated for any reason, or they both no longer hold the positions they held just prior to the Change in Control (and neither holds the top executive position in the company), then the Equity Awards granted to the Employee that are outstanding (the "Accelerated Awards") shall become fully vested and payable to the Employee on

the first anniversary of the effective date of such Change in Control; provided, however, that any portion of the Accelerated Awards that is scheduled to become vested and payable pursuant to its terms prior to the first anniversary of such Change in Control shall become vested and payable to the Employee pursuant to its terms; and

(ii) if, after the one (1) year anniversary of the effective date of such Change in Control, the employment by MEDNAX, Inc. or its affiliates or successors of both Roger J. Medel, M.D. and Joseph M. Calabro is terminated for any reason, or they both no longer hold the positions they held just prior to the Change in Control (provided that neither holds the top executive position in the company), then the Accelerated Awards shall become fully vested and payable to the Employee on the one (1) year anniversary of the termination date, or date of the change in position of Roger J. Medel, M.D. or Joseph M. Calabro, whichever termination date or date in change of position is later; provided, however, that any portion of the Accelerated Awards that is scheduled to become vested and payable pursuant to its terms prior to the one (1) year anniversary of such termination date or date of change in position shall become vested and payable to the Employee pursuant to its terms;

provided in the case of both clauses (i) and (ii) above, that the Employee remains in Continuous Service (as defined in the applicable Equity Plan) from the date of this Agreement through the date on which such Accelerated Awards would vest pursuant to clauses (i) or (ii) above, as applicable.

Notwithstanding anything to the contrary in this Agreement, the Equity Plans or the Equity Awards, in the event of a Change in Control immediately following which neither the common stock of MEDNAX, Inc. nor the common equity of its successor, parent or subsidiary is listed for trading on a national securities exchange (a "Going Private Transaction"), then all unvested Equity Awards granted to the Employee shall be adjusted so that in lieu of the Employee's right to receive shares of common stock of MEDNAX, Inc. pursuant to the terms of such Equity Awards, the Employee shall be entitled to receive, for each share of common stock of MEDNAX, Inc. that Employee would otherwise be entitled to receive pursuant to such Equity Awards, an amount of cash equal to the amount per share of common stock of MEDNAX, Inc. paid to the shareholders of MEDNAX, Inc. in such Going Private Transaction, as determined by the Compensation Committee of the Board in its sole discretion, in each case consistent with the vesting schedule of such Equity Awards and shall remain subject to the acceleration provisions set forth in this Section 5.14.

6. Successors; Binding Agreement.

6.1. *Successors.* Employer shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) acquiring a majority of Employer's voting common stock or any other successor to all or substantially all of the business and/or assets of Employer to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform it if no such succession had taken place and Employee hereby consents to any such assignment. In such event, "Employer" shall

mean Employer as previously defined and any successor to its business and/or assets which executes and delivers the agreement provided for in this Section 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. This Section shall not limit Employee' s ability to terminate this Agreement in the circumstances described in Section 4.7 in the event of a Change in Control.

6.2. *Benefit.* This Agreement and all rights of Employee under this Agreement shall inure to the benefit of and be enforceable by Employee' s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Employee should die after the termination date and amounts would have been payable to Employee under this Agreement if Employee had continued to live, including under Section 5 hereof, then such amounts shall be paid to Employee' s devisee, legatee, or other designee or, if there is no such designee, Employee' s estate.

7. Conflicts with Prior Employment Contract. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes and revokes any and all prior or existing agreements, written or oral, relating to the subject matter hereof, and this Agreement shall be solely determinative of the subject matter hereof.

8. Restrictive Covenants; Confidential Information; Work Product; Injunctive Relief.

8.1. *No Material Competition.* Employer and Employee acknowledge and agree that a strong relationship and connection exists between Employer and its current and prospective patients, referral sources, and customers as well as the hospitals and healthcare facilities at which it provides professional services. Employer and Employee further acknowledge and agree that the restrictive covenants described in this Section are designed to enforce, and are ancillary to or part of, the promises contained in this Agreement and are reasonably necessary to protect the legitimate interests of Employer in the following: (1) the use and disclosure of the Confidential Information as described in Section 8.4; (2) the professional development activities described in Section 1.2; and (3) the goodwill of the Employer, as promoted by Employee as provided in Section 1.2. The foregoing listing is by way of example only and shall not be construed to be an exclusive or exhaustive list of such interests. Employee acknowledges that the restrictive covenants set forth below are of significant value to Employer and were a material inducement to Employer in agreeing to the terms of this Agreement. Employee further acknowledges that the goodwill and other proprietary interest of Employer will suffer irreparable and continuing damage in the event Employee enters into competition with Employer in violation of this Section.

Therefore, Employee agrees that, except with respect to services performed under this Agreement on behalf of Employer, **Employee shall not**, at any time during the Restricted Period (as defined below), for Employee or on behalf of any other person, persons, firm, partnership, corporation or employer, participate or engage in or own an interest in, directly or indirectly, any individual proprietorship, partnership, corporation, joint venture, trust or other form of business entity, whether as an individual proprietor, partner, joint venturer, officer, director, member, employee, consultant, independent contractor, stockholder, lender, landlord, finder, agent, broker, trustee, or in any manner whatsoever, if such entity or its affiliates is engaged in, directly or indirectly,

“Employer’s Business,” as defined on Exhibit A hereto. Employee acknowledges that, as of the date hereof, Employee’s responsibilities will include matters affecting the businesses of Employer listed on Exhibit A. For purposes of this Section 8, the “Restricted Period” shall mean the Employment Period plus (i) eighteen (18) months in the event this Agreement is terminated pursuant to Sections 4.1, (ii) thirty (30) months in the event the Agreement is terminated pursuant to Section 4.4; (iii) thirty (30) months in the event the Agreement is terminated pursuant to Section 4.7 following a Change in Control, and (iii) twenty-four (24) months in the event the Agreement is terminated for any other reason.

8.2. *No Hire.* Employee further agrees that **Employee shall not**, at any time during the Employment Period and for a period of eighteen (18) months immediately following termination of this Agreement for any reason, for Employee or on behalf of any other person, persons, firm, partnership, corporation or employer, intentionally, knowingly, or willingly employ, or intentionally, knowingly, or willingly permit any company or business directly or indirectly controlled by Employee to employ or otherwise engage (a) any person who is a then current employee or independent contractor of Employer or one of its affiliates, or (b) any person who was an employee or independent contractor of Employer or one of its affiliates in the prior six (6) month period, or in any manner seek to induce such persons to leave his or her employment or engagement with Employer or one of its affiliates (including without limitation for or on behalf of a subsequent employer of Employee).

8.3 *Non-solicitation.* Employee further agrees that **Employee shall not**, at any time during the Employment Period and for a period of eighteen (18) months immediately following termination of this Agreement for any reason, for Employee or on behalf of any other person, persons, firm, partnership, corporation or employer, solicit or accept business from or take any action that would interfere with, diminish or impair the valuable relationships that Employer or its affiliates have with (i) hospitals or other health care facilities with which Employer or its affiliates have contracts to render professional services or otherwise have established relationships, (ii) patients, (iii) referral sources, (iv) vendors, (v) any other clients of Employer or its affiliates, or (vi) prospective hospitals, patients, referral sources, vendors or clients whose business Employee was aware that Employer or any affiliate of Employer was in the process of soliciting at the time of Employee’s termination (including potential acquisition targets).

8.4. *Confidential Information.* At all times during the term of this Agreement, Employer shall provide Employee with access to “Confidential Information.” As used in this Agreement, the term “Confidential Information” means any and all confidential, proprietary or trade secret information, whether disclosed, directly or indirectly, verbally, in writing or by any other means in tangible or intangible form, including that which is conceived or developed by Employee, applicable to or in any way related to: (i) patients with whom Employer has a physician/patient relationship; (ii) the present or future business of Employer; or (iii) the research and development of Employer. Without limiting the generality of the foregoing, Confidential Information includes: (a) the development and operation of Employer’s medical practices, including information relating to budgeting, staffing needs, marketing, research, hospital relationships, equipment capabilities, and other information concerning such facilities and operations and specifically including the procedures and business plans developed by Employer for use at the hospitals where Employer conducts its business; (b) contractual arrangements

between the Employer and insurers or managed care associations or other payors; (c) the databases of Employer; (d) the clinical and research protocols of Employer, including coding guidelines; (e) the referral sources of Employer; (f) other confidential information of Employer that is not generally known to the public that gives Employer the opportunity to obtain an advantage over competitors who do not know or use it, including the names, addresses, telephone numbers or special needs of any of its patients, its patient lists, its marketing methods and related data, lists or other written records used in Employer's business, compensation paid to employees and other terms of employment, accounting ledgers and financial statements, contracts and licenses, business systems, business plan and projections, and computer programs. The parties agree that, as between them, this Confidential Information constitutes important, material, and confidential trade secrets that affect the successful conduct of Employer's business and its goodwill. Employer acknowledges that the Confidential Information specifically enumerated above is special and unique information and is not information that would be considered a part of the general knowledge and skill Employee has or might otherwise obtain.

Notwithstanding the foregoing, Confidential Information shall not include any information that (i) was known by Employee from a third party source before disclosure by or on behalf of Employer, (ii) becomes available to Employee from a source other than Employer that is not, to Employee's knowledge, bound by a duty of confidentiality to Employer, (iii) becomes generally available or known in the industry other than as a result of its disclosure by Employee, or (iv) has been independently developed by Employee and may be disclosed by Employee without breach of this Agreement, provided, in each case, that the Employee shall bear the burden of demonstrating that the information falls under one of the above-described exceptions.

Employee agrees that the terms of this Agreement shall be deemed Confidential Information for purposes of this Section. Employee shall keep the terms of this Agreement strictly confidential and will not, without the prior written consent of Employer, disclose the details of this Agreement to any third party in any manner whatsoever in whole or in part, with the exception of Employee's representatives (such as tax advisors and attorneys) who need to know such information.

Employee agrees that Employee will not at any time, whether during or subsequent to the term of Employee's employment with Employer, in any fashion, form or manner, unless specifically consented to in writing by Employer, either directly or indirectly, use or divulge, disclose, or communicate to any person, firm or corporation, in any manner whatsoever, any Confidential Information of any kind, nature, or description, subject to applicable law. The parties agree that any breach by Employee of any term of this Section is a material breach of this Agreement and shall constitute "cause" for the termination of Employee's employment hereunder. In the event that Employee is ordered to disclose any Confidential Information, whether in a legal or a regulatory proceeding or otherwise, Employee shall provide Employer with prompt written notice of such request or order so that Employer may seek to prevent disclosure or, if that cannot be achieved, the entry of a protective order or other appropriate protective device or procedure in order to assure, to the extent practicable, compliance with the provisions of this Agreement. In the case of any disclosure required by law, Employee shall disclose only that portion of the Confidential Information that Employee is ordered to disclose in a legally binding subpoena, demand or similar order issued pursuant to a legal or regulatory proceeding.

All Confidential Information, and all equipment, notebooks, documents, memoranda, reports, files, samples, books, correspondence, lists, other written and graphic records, in any media (including electronic or video) containing Confidential Information or relating to the business of Employer, which Employee shall prepare, use, construct, observe, possess, or control shall be and remain Employer' s sole property (collectively "Employer Property"). Upon termination or expiration of this Agreement, or earlier upon Employer' s request, Employee shall promptly deliver to Employer all Employer Property, retaining none.

8.5. *Ownership of Work Product.* Employee agrees and acknowledges that (i) all copyrights, patents, trade secrets, trademarks, service marks, or other intellectual property or proprietary rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by Employee during the course of performing work for Employer and any other work product conceived, created, designed, developed or contributed by Employee during the term of this Agreement that relates in any way to Employer' s Business (collectively, the "Work Product"), shall belong exclusively to Employer and shall, to the extent possible, be considered a work made for hire within the meaning of Title 17 of the United States Code. To the extent the Work Product may not be considered a work made for hire owned exclusively by Employer, Employee hereby assigns to Employer all right, title, and interest worldwide in and to such Work Product at the time of its creation, without any requirement of further consideration. Upon request of Employer, Employee shall take such further actions and execute such further documents as Employer may deem necessary or desirable to further the purposes of this Agreement, including without limitation separate assignments of all right, title, and interest in and to all rights of copyright and all right, title, and interest in and to any inventions or patents and any reissues or extensions which may be granted therefore, and in and to any improvements, additions to, or modifications thereto, which Employee may acquire by invention or otherwise, the same to be held and enjoyed by Employer for its own use and benefit, and for the use and benefit of Employer' s successors and assigns, as fully and as entirely as the same might be held by Employee had this assignment not been made.

8.6. *Clearance Procedure for Proprietary Rights Not Claimed by Employer.* In the event that Employee wishes to create or develop, *other than* on Employer' s time or using Employer' s resources, anything that may be considered Work Product but to which Employee believes Employee should be entitled to the personal benefit of, Employee agrees to follow the clearance procedure set forth in this Section. Before beginning any such work, Employee agrees to give Employer advance written notice and provide Employer with a sufficiently detailed written description of the work under consideration for Employer to make a determination regarding the work. Unless otherwise agreed in a writing signed by Employer prior to receipt, Employer shall have no obligation of confidentiality with respect to such request or description. Employer will determine in its sole discretion, within thirty (30) days after Employee has fully disclosed such plans to Employer, whether rights in such work will be claimed by Employer. If Employer determines that it does not claim rights in such work, Employer agrees to so notify Employee in writing and Employee may retain ownership of the work to the extent that such work has been expressly disclosed to Employer. If Employer fails to so notify Employee within such thirty (30) day period, then Employer shall be deemed to have agreed that such work is not considered Work Product for purposes of this Agreement. Employee agrees to submit for further review any significant improvement, modification, or adaptation that could reasonably be related to Employer' s Business so that it can be determined whether the improvement, modification, or adaptation relates to the business or interests of Employer. Clearance under this procedure does not relieve Employee of the restrictive covenants set forth in this Section 8.

8.7. *Non-Disparagement.* For a period of ten (10) years after the termination of this Agreement, Employee will not, directly or indirectly, as an individual or on behalf of a firm, corporation, partnership or other legal entity, make any disparaging or negative comment to any other person or entity regarding Employer or any of its affiliates, agents, attorneys, employees, officers and directors, Employee' s work conditions or circumstances surrounding Employee' s separation from Employer or otherwise impugn or criticize the name or reputation of Employer, its affiliates, agents, attorneys, employees, officers or directors, orally or in writing.

8.8. *Review by Employee.* **Employee has carefully read and considered the terms and provisions of this Section 8, and having done so, agrees that the restrictions set forth in this Section 8 are fair and reasonably required for the protection of the interests of Employer.** In the event that any term or provision set forth in this Section 8 shall be held to be invalid or unenforceable by a court of competent jurisdiction, the parties hereto agree that such invalid or unenforceable term(s) or provision(s) may be severed from this Agreement without, in any manner, affecting the remaining portions hereof. Without limiting other possible remedies available to Employer, Employee agrees that injunctive or other equitable relief will be available to enforce the covenants set forth in this Section, such relief to be without the necessity of posting a bond. In the event that, notwithstanding the foregoing, any part of the covenants set forth in this Section shall be held to be invalid, overbroad, or unenforceable by an arbitration panel or a court of competent jurisdiction, the parties hereto agree that such invalid, overbroad, or unenforceable provision(s) may be modified or severed from this Agreement without, in any manner, affecting the remaining portions of this Section 8 (all of which shall remain in full force and effect). In the event that any provision of this Section 8 related to time period or areas of restriction shall be declared by an arbitration panel or a court of competent jurisdiction to exceed the maximum time period, area or activities such arbitration panel or court deems reasonable and enforceable, said time period or areas of restriction shall be deemed modified to the minimum extent necessary to make the geographic or temporal restrictions or activities reasonable and enforceable.

8.9. *Survival.* The provisions of this Section 8 shall survive the termination of this Agreement and Employee' s employment with Employer. The provisions of this Section 8 shall apply during the time Employee is receiving Disability payments from Employer as a result of a termination of this Agreement pursuant to Section 4.2 hereof. In the event of a breach of this Section 8 by Employee, Employer retains the right to terminate any continuing payments to Employee provided for in Section 5 of this Agreement. The provisions of this Section 8 are expressly intended to benefit and be enforceable by other affiliated entities of Employer, who are express third party beneficiaries hereof. Employee shall not assist others in engaging in any of the activities described in the foregoing restrictive covenants.

9. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or any alleged breach hereof shall be finally determined by a single arbitrator, jointly selected by the Employee and Employer, provided that if Employee and Employer are unable to agree upon a single arbitrator after reasonable efforts, the arbitrator shall be an impartial arbitrator selected by

the American Arbitration Association. Each party hereto shall share equally the costs of the arbitrator, and the parties agree that the costs of arbitration shall not be subject to reapportionment by the arbitrator; provided, however, that if following a termination of Employee' s employment that follows a Change in Control or if following a termination of Employee' s employment for Good Reason that follows any person other than Roger J. Medel or Joseph M. Calabro commencing service as the senior most executive officer of Mednax, Employee seeks arbitration to enforce the terms of this Agreement, Employer shall bear all costs associated with such arbitration, including but not limited to all costs of the arbitrator, and shall reimburse Employee on a monthly basis for his reasonable legal and other expenses, including all fees, incurred in connection with any such arbitration. The arbitration proceedings shall be held in Sunrise, Florida, unless otherwise mutually agreed by the parties, and shall be conducted in accordance with the American Arbitration Association National Rules for the Resolution of Employment Disputes then in effect. Judgment on the award rendered by the arbitration panel may be entered and enforced by any court having jurisdiction thereof. Any such arbitration shall be treated as confidential by all parties thereto, except as otherwise provided by law or as otherwise necessary to enforce any judgment or order issued by the arbitrators.

Notwithstanding anything herein to the contrary, if Employer or Employee shall require immediate injunctive relief, then the party shall be entitled to seek such relief in any court having jurisdiction, and if the party elects to do so, the other party hereby consents to the jurisdiction of the state and federal courts sitting in the State of Florida and to the applicable service of process. Employee and Employer hereby waive and agree not to assert, to the fullest extent permitted by applicable law, any claim that (i) they are not subject to the jurisdiction of such courts, (ii) they are immune from any legal process issued by such courts and (iii) any litigation or other proceeding commenced in such courts is brought in an inconvenient forum. In the event that either party hereto brings suit seeking injunctive relief, the party found to be at fault shall pay all reasonable court costs and attorneys' fees of the other, whether such costs and fees are incurred in a court of original jurisdiction or one or more courts of appellate jurisdiction. Notwithstanding the foregoing, in the event that Employer brings suit against Employee seeking injunctive relief, Employer agrees to advance all of Employee' s reasonable legal and other expenses, including all fees, incurred by the Employee in connection with such action, provided, however, that if Employer ultimately prevails in seeking injunctive relief, Employee shall reimburse Employer all such advanced legal fees and other expenses.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its conflict of laws principles to the extent that such principles would require the application of laws other than the laws of the State of Florida.

11. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or when deposited in the United States mail by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer:
Mednax Services, Inc.
1301 Concord Terrace
Sunrise, FL 33323
Attention: General Counsel

If to Employee:
David A. Clark
1301 Concord Terrace
Sunrise, FL 33323

or to such other addresses as either party hereto may from time to time give notice of to the other in the aforesaid manner.

12. Benefits: Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns. Notwithstanding the foregoing, Employee may not assign the rights or benefits hereunder without the prior written consent of Employer.

13. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area, which would cure such invalidity.

14. Waivers. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

15. Damages. Nothing contained herein shall be construed to prevent Employer or Employee from seeking and recovering from the other damages sustained by either or both of them as a result of a breach of any term or provision of this Agreement.

16. No Third Party Beneficiary. Except as provided in Section 8.9, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person (other than the parties hereto and, in the case of Employee, Employee's heirs, personal representative(s) and/or legal representative) any rights or remedies under or by reason of this Agreement. No agreements or representations, oral or otherwise, express or implied, have been made by either party with respect to the subject matter of this Agreement which agreements or representations are not set forth expressly in this Agreement, and this Agreement supersedes any other employment agreement between Employer and Employee.

17. Assignment. This Agreement may be assigned by Employer upon notice to Employee.

The remainder of this page has been left blank intentionally.

IN WITNESS WHEREOF, the undersigned have executed this Agreement this 12th day of February, 2019, effective as of the Effective Date.

EMPLOYER:

EMPLOYEE:

MEDNAX SERVICES, INC.

By: /s/ Manuel Kadre

Manuel Kadre

Chairman, Compensation Committee

By: /s/ David A. Clark

David A. Clark

EXHIBIT A

BUSINESS OF EMPLOYER

As of the date hereof, Employer, directly or through its affiliates, provides professional medical services and all aspects of practice management services in medical practice areas that include, but are not limited to, the following (collectively referred to herein as "Employer's Business"):

- (1) Neonatology, including hospital well baby care;
- (2) Maternal-Fetal Medicine, including general obstetrics services;
- (3) Pediatric Cardiology;
- (4) Pediatric Intensive Care, including Pediatric Hospitalist Care;
- (5) Newborn hearing screening services;
- (6) Pediatric Surgery;
- (7) Pediatric Emergency Medicine;
- (8) Anesthesiology, critical care medicine and pain management; and
- (9) Radiology and Teleradiology.

References to Employer's Business in this Agreement shall include such other medical service lines, practice management services and other businesses in which Employer is engaged during the Employment Period; *provided*, that to be considered a part of Employer's Business, Employer must have engaged in such other service line, practice management service or other business at least six (6) months prior to the termination date of this Agreement. For purposes of this Exhibit A, businesses of Employer shall include the businesses conducted by Employer's subsidiaries, entities under common control and affiliates as defined under Rule 144 of the Securities Act of 1933, as amended. Such affiliates shall include the professional corporations and associations whose operating results are consolidated with Employer for financial reporting purposes.

Notwithstanding the foregoing, Employer acknowledges and agrees to the following exceptions and clarifications regarding the scope of Employer's Business.

A. *Hospital Services.* Employer and Employee acknowledge that, as of the date hereof, Employer does not currently operate hospitals, hospital systems or universities. Nevertheless, the businesses of hospitals, hospital systems and universities would be the same as Employer's Business where such hospitals, hospital systems or universities provide or contract with others to provide some or all of the medical services included in Employer's Business. Therefore, the parties desire to clarify their intent with respect to the limitations on Employee's ability to work for or contract with others to provide services for a hospital, hospital system or university during the Employment Period and during the Restricted Period. Section 8.1 shall not be deemed to restrict Employee's ability to work for a hospital, hospital system or university if the hospital, hospital system or university does not provide any of the medical services included in Employer's Business. Furthermore, even if a hospital, hospital system or university provides medical services that are included in Employer's Business, Employee may work for such hospital,

hospital system or university if Employee has no direct supervisory responsibility for or involvement in the hospital' s, hospital system' s or university' s medical services that are Employer' s Business. Finally, Employer agrees that Employee may hold direct supervisory responsibility for or be involved in the medical services of a hospital, hospital system or university that are included in Employer' s Business so long as such hospital, hospital system or university is located at least ten (10) miles from a medical practice owned or operated by Employer or its affiliate. Subject to paragraph B below, the provisions of this paragraph shall not apply to the extent that, after the date hereof, Employer enters into the business of operating a hospital or hospital system.

B. *De Minimis Exception.* Employer agrees that a medical service line (other than those listed in items 1 through 9 above), practice management service or other business in which Employer is engaged shall not be considered to be a part of Employer' s Business if such medical service line, practice management service or other business constitutes less than three percent (3%) of Employer' s annual revenues.

C. It shall not be deemed to be a violation of Section 8.1 for Employee to: (i) own, directly or indirectly, one percent (1%) or less of a publicly-traded entity that has a market capitalization of \$1 billion or more; (ii) own, directly or indirectly, five percent (5%) or less of a publicly-traded entity that has a market capitalization of less than \$1 billion; or (iii) own, directly or indirectly, less than ten percent (10%) of a privately-held business or company, if Employee is at all times a passive investor with no board representation, management authority or other special rights to control operations of such business or company.

EXHIBIT B

COMPENSATION

Performance Bonus: Target of One Hundred Percent (100%) of Employee' s Base Salary with a Maximum Bonus potential of Two Hundred Percent (200%) of Employee' s Base Salary

Equity Compensation: Employee' s annual equity compensation grant target amount shall be at least \$1.95 million, subject to the approval of the Compensation Committee of the Board of Directors.

EXHIBIT C
FORM OF RELEASE

GENERAL RELEASE OF CLAIMS

1. _____ (“Employee”), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the consideration received pursuant to Section 5.[] of the Employment Agreement to which this release is attached as Exhibit C (the “Employment Agreement”), does hereby release and forever discharge _____ (“Employer”), its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers, employees, shareholders or agents in such capacities (collectively with Employer, the “Released Parties”) from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Employee’ s employment or termination thereof, whether for discrimination, harassment, retaliation, tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Employee acknowledges that Employer encouraged him to consult with an attorney of his choosing, and through this General Release of Claims encourages Employee to consult with his attorney with respect to possible claims under the Age Discrimination in Employment Act (“ADEA”) and that he understands that the ADEA is a Federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefits and benefit plans. Without limiting the generality of the release provided above, Employee expressly waives any and all claims under ADEA that he may have as of the date hereof. Employee further understands that by signing this General Release of Claims he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any actions to enforce rights to receive any payments or benefits which may be due Employee pursuant to Section 5.[] of the Employment Agreement, or under any of Employer’ s employee benefit plans, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification rights Employee may have as a former officer or director of Employer or its subsidiaries or affiliated companies, (iv) any claims for benefits under any directors’ and officers’ liability policy maintained by Employer or its subsidiaries or affiliated companies in accordance with the terms of such policy, and (v) any rights as a holder of equity securities of Employer.

2. Employee represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of, any charges, lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Employee pursuant to paragraph 1 hereof (a “Proceeding”).

3. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement or any other agreement between Employer and Employee shall prevent Employee from filing a charge, sharing information and communicating in good faith, without prior notice to the Company, with any federal government agency having jurisdiction over the Company or its operations, and cooperating in any investigation by any such federal government agency; However, to the maximum extent permitted by law, Employee agrees that if such an administrative claim is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies.

4. Employee hereby acknowledges that Employer has informed him that he has up to twenty-one (21) days to sign this General Release of Claims and he may knowingly and voluntarily waive that twenty-one (21) day period by signing this General Release of Claims earlier. Employee also understands that he shall have seven (7) days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to Employer.

5. Employee acknowledges that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the State of Florida applicable to contracts made and to be performed entirely within such State.

6. Employee acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this general release of claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

7. This General Release of Claims shall take effect on the eighth day following Employee' s execution of this General Release of Claims unless Employee' s written revocation is delivered to Employer within seven (7) days after such execution.

_____, 20__

Subsidiaries

Name of Subsidiary	State of Incorporation	Line of Business	Number of Omitted Subsidiaries Operating in the United States in Foreign Countries	
Mednax Services, Inc.	Florida	Physician Services	15	0
Pediatrix Medical Group, Inc.	Florida	Physician Services	10	0
American Anesthesiology, Inc.	Florida	Physician Services	9	0

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-181667, 333-153397, 333-151272, 333-121125, 333-101225, 333-85366, and 333-208698) of MEDNAX, Inc. and its subsidiaries of our report dated February 14, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 14, 2019 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ Pricewaterhouse Coopers LLP

Certified Public Accountants Miami, Florida February 14, 2019

CERTIFICATIONS

I, Roger J. Medel, M.D., certify that:

1. I have reviewed this annual report on Form 10-K of MEDNAX, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2019

By: /s/ Roger J. Medel, M.D.

Roger J. Medel, M.D.

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Stephen D. Farber, certify that:

1. I have reviewed this annual report on Form 10-K of MEDNAX, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2019

By: /s/ Stephen D. Farber

Stephen D. Farber
Chief Financial Officer
(Principal Financial Officer)

**Certification Pursuant to 18 U.S.C Section 1350
(Adopted by Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report of MEDNAX, Inc. on Form 10-K for the year ended December 31, 2018 (the "Report"), each of the undersigned hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MEDNAX, Inc.

A signed original of this written statement required by Section 906 has been provided to MEDNAX, Inc. and will be retained by MEDNAX, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

February 14, 2019

By: /s/ Roger J. Medel, M.D.

Roger J. Medel, M.D.
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Stephen D. Farber

Stephen D. Farber
Chief Financial Officer
(Principal Financial Officer)

**Document and Entity
Information - USD (\$)**

12 Months Ended

Dec. 31, 2018

Feb. 07, 2019

Jun. 30, 2018

Document And Entity Information [Abstract]

<u>Document Type</u>	10-K		
<u>Amendment Flag</u>	false		
<u>Document Period End Date</u>	Dec. 31, 2018		
<u>Document Fiscal Year Focus</u>	2018		
<u>Document Fiscal Period Focus</u>	FY		
<u>Trading Symbol</u>	MD		
<u>Entity Registrant Name</u>	MEDNAX, INC.		
<u>Entity Central Index Key</u>	0000893949		
<u>Current Fiscal Year End Date</u>	--12-31		
<u>Entity Well-known Seasoned Issuer</u>	Yes		
<u>Entity Current Reporting Status</u>	Yes		
<u>Entity Voluntary Filers</u>	No		
<u>Entity Filer Category</u>	Large Accelerated Filer		
<u>Entity Emerging Company</u>	false		
<u>Entity Ex Transition Period</u>	false		
<u>Entity Shell Company</u>	false		
<u>Entity Small Business</u>	false		
<u>Entity Common Stock, Shares Outstanding</u>		87,920,463	
<u>Entity Public Float</u>			\$ 3,943,237,534

Consolidated Balance Sheets
- USD (\$)
\$ in Thousands

	Dec. 31,	Dec. 31,
	2018	2017
<u>Current assets:</u>		
<u>Cash and cash equivalents</u>	\$ 36,745	\$ 60,200
<u>Restricted cash</u>	20,000	
<u>Short-term investments</u>	21,923	10,292
<u>Accounts receivable, net</u>	542,272	503,999
<u>Prepaid expenses</u>	18,763	15,584
<u>Other current assets</u>	17,706	37,160
<u>Total current assets</u>	657,409	627,235
<u>Restricted cash</u>		20,000
<u>Investments</u>	69,699	80,682
<u>Property and equipment, net</u>	133,037	123,536
<u>Goodwill</u>	4,382,995	4,283,963
<u>Intangible assets, net</u>	588,312	639,928
<u>Other assets</u>	103,459	91,934
<u>Total assets</u>	5,934,911	5,867,278
<u>Current liabilities:</u>		
<u>Accounts payable and accrued expenses</u>	469,342	438,017
<u>Current portion of long-term debt and capital lease obligations</u>	253	1,401
<u>Income taxes payable</u>	30,598	92,007
<u>Total current liabilities</u>	500,193	531,425
<u>Line of credit</u>	739,500	1,110,500
<u>Long-term debt and capital lease obligations, net</u>	1,234,780	740,923
<u>Long-term professional liabilities</u>	209,060	212,274
<u>Deferred income taxes</u>	131,240	147,797
<u>Other liabilities</u>	32,254	57,905
<u>Total liabilities</u>	2,847,027	2,800,824
<u>Commitments and contingencies</u>		
<u>Shareholders' equity:</u>		
<u>Preferred stock; \$.01 par value; 1,000 shares authorized; none issued</u>		
<u>Common stock; \$.01 par value; 200,000 shares authorized; 87,820 and 93,721 shares issued and outstanding, respectively</u>	878	937
<u>Additional paid-in capital</u>	992,647	1,017,328
<u>Retained earnings</u>	2,094,359	2,048,189
<u>Total shareholders' equity</u>	3,087,884	3,066,454
<u>Total liabilities and shareholders' equity</u>	\$ 5,934,911	\$ 5,867,278

**Consolidated Balance Sheets
(Parenthetical) - \$ / shares**

Dec. 31, 2018 Dec. 31, 2017

Statement of Financial Position [Abstract]

<u>Preferred stock, par value</u>	\$ 0.01	\$ 0.01
<u>Preferred stock, shares authorized</u>	1,000,000	1,000,000
<u>Preferred stock, issued</u>	0	0
<u>Common stock, par value</u>	\$ 0.01	\$ 0.01
<u>Common stock, shares authorized</u>	200,000,000	200,000,000
<u>Common stock, shares issued</u>	87,820,000	93,721,000
<u>Common stock, shares outstanding</u>	87,820,000	93,721,000

Consolidated Statements of Income - USD (\$) shares in Thousands, \$ in Thousands	3 Months Ended							12 Months Ended			
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<u>Income Statement [Abstract]</u>											
<u>Net revenue</u>	\$ 932,696	\$ 896,652	\$ 915,918	\$ 901,857	\$ 910,820	\$ 868,951	\$ 842,944	\$ 835,597	\$ 3,647,123	\$ 3,458,312	\$ 3,183,159
<u>Operating expenses:</u>											
<u>Practice salaries and benefits</u>	657,061	625,717	620,980	631,830	617,455	586,476	561,418	572,385	2,535,588	2,337,734	2,031,220
<u>Practice supplies and other operating expenses</u>	29,381	30,159	31,833	30,655	32,353	29,497	30,872	27,796	122,028	120,518	118,416
<u>General and administrative expenses</u>	112,789	102,905	107,908	108,776	108,895	101,430	103,015	103,765	432,378	417,105	372,572
<u>Depreciation and amortization</u>	29,891	28,709	26,518	26,163	26,414	25,116	25,735	25,614	111,281	102,879	89,264
<u>Total operating expenses</u>	829,122	787,490	787,239	797,424	785,117	742,519	721,040	729,560	3,201,275	2,978,236	2,611,472
<u>Income from operations</u>	103,574	109,162	128,679	104,433	125,703	126,432	121,904	106,037	445,848	480,076	571,687
<u>Investment and other income</u>	967	1,302	1,202	1,464	2,777	235	365	576	4,935	3,953	2,019
<u>Interest expense</u>	(25,448)	(21,782)	(21,604)	(19,935)	(19,844)	(18,428)	(18,535)	(17,752)	(88,769)	(74,559)	(63,092)
<u>Equity in earnings of unconsolidated affiliates</u>	2,277	1,766	1,257	1,525	(294)	(240)	689	797	6,825	952	3,185
<u>Total non-operating expenses</u>	(22,204)	(18,714)	(19,145)	(16,946)	(17,361)	(18,433)	(17,481)	(16,379)	(77,009)	(69,654)	(57,888)
<u>Income before income taxes</u>	81,370	90,448	109,534	87,487	108,342	107,999	104,423	89,658	368,839	410,422	513,799
<u>Income tax provision</u>	(21,156)	(24,873)	(30,122)	(24,059)	27,761	(42,119)	(40,725)	(34,967)	(100,210)	(90,050)	(189,203)
<u>Net income</u>	0	0	0	0					268,629	320,372	324,596
<u>Net loss attributable to noncontrolling interests</u>	0	0	0	0							318
<u>Net income attributable to MEDNAX, Inc.</u>	\$ 60,214	\$ 65,575	\$ 79,412	\$ 63,428	\$ 136,103	\$ 65,880	\$ 63,698	\$ 54,691	\$ 268,629	\$ 320,372	\$ 324,914
<u>Net income attributable to MEDNAX, Inc.:</u>											
<u>Earnings per share, Basic</u>	\$ 0.69	\$ 0.72	\$ 0.85	\$ 0.68	\$ 1.47	\$ 0.71	\$ 0.69	\$ 0.59	\$ 2.95	\$ 3.47	\$ 3.52
<u>Earnings per share, Diluted</u>	\$ 0.68	\$ 0.72	\$ 0.85	\$ 0.68	\$ 1.46	\$ 0.71	\$ 0.69	\$ 0.59	\$ 2.93	\$ 3.45	\$ 3.49
<u>Weighted average common shares:</u>											
<u>Basic</u>	87,810	90,984	92,987	92,859	92,756	92,589	92,181	92,360	91,104	92,431	92,422
<u>Diluted</u>	88,258	91,359	93,529	93,505	93,159	92,881	92,812	93,143	91,606	92,958	93,109

Consolidated Statements of Equity - USD (\$) shares in Thousands	Total	Common Stock [Member]	Additional Paid-in Capital [Member]	Retained Earnings [Member]	Noncontrolling Interests [Member]
Balance at Dec. 31, 2015	\$ 2,437,846,000	\$ 937,000	\$ 926,235,000	\$ 1,510,356,000	\$ 318,000
Balance, Shares at Dec. 31, 2015		93,739			
Net income (loss)	324,596,000			324,914,000	\$ (318,000)
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	22,022,000	\$ 5,000	22,017,000		
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan, shares		473			
Issuance of restricted stock		\$ 5,000	(5,000)		
Issuance of restricted stock, shares		505			
Stock-based compensation expense	34,000,000		34,000,000		
Forfeitures of restricted stock		\$ (1,000)	1,000		
Forfeitures of restricted stock, shares		53			
Repurchased common stock	(61,828,000)	\$ (9,000)	(12,075,000)	(49,744,000)	
Repurchased common stock, shares		(946)			
Excess tax benefit related to employee stock incentive plans	4,131,000		4,131,000		
Balance at Dec. 31, 2016	2,760,767,000	\$ 937,000	974,304,000	1,785,526,000	
Balance, Shares at Dec. 31, 2016		93,718			
Net income (loss)	320,372,000			320,372,000	
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	23,276,000	\$ 5,000	23,271,000		
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan, shares		528			
Issuance of restricted stock		\$ 5,000	(5,000)		
Issuance of restricted stock, shares		536			
Issuance of restricted stock for acquisition consideration	2,658,000	\$ 1,000	2,657,000		
Issuance of restricted stock for acquisition consideration, shares		69			
Stock-based compensation expense	29,573,000		29,573,000		
Forfeitures of restricted stock		\$ (1,000)	1,000		
Forfeitures of restricted stock, shares		92			
Repurchased common stock	(70,192,000)	\$ (10,000)	(12,473,000)	(57,709,000)	
Repurchased common stock, shares		(1,038)			
Balance at Dec. 31, 2017	3,066,454,000	\$ 937,000	1,017,328,000	2,048,189,000	
Balance, Shares at Dec. 31, 2017		93,721			

<u>Net income (loss)</u>	268,629,000			268,629,000
<u>Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan</u>	18,919,000	\$ 5,000	18,914,000	
<u>Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan, shares</u>		495		
<u>Issuance of restricted stock</u>		\$ 8,000	(8,000)	
<u>Issuance of restricted stock, shares</u>		770		
<u>Stock-based compensation expense</u>	38,703,000		38,703,000	
<u>Stock swaps</u>	(2,661,000)	\$ (1,000)	(2,660,000)	
<u>Stock swaps, shares</u>		(56)		
<u>Forfeitures of restricted stock</u>		\$ (1,000)	1,000	
<u>Forfeitures of restricted stock, shares</u>		(69)		
<u>Repurchased common stock</u>	(302,160,000)	\$ (70,000)	(79,631,000)	(222,459,000)
<u>Repurchased common stock, shares</u>		(7,041)		
<u>Excess tax benefit related to employee stock incentive plans</u>	0			
<u>Balance at Dec. 31, 2018</u>	\$ 3,087,884,000	\$ 878,000	\$ 992,647,000	\$ 2,094,359,000
<u>Balance, Shares at Dec. 31, 2018</u>		87,820		

**Consolidated Statements of
Cash Flows - USD (\$)
\$ in Thousands**

**12 Months Ended
Dec. 31, Dec. 31, Dec. 31,
2018 2017 2016**

Cash flows from operating activities:

Net income \$ 268,629 \$ 320,372 \$ 324,596

Adjustments to reconcile net income to net cash provided from operating activities:

Depreciation and amortization 111,281 102,879 89,264

Amortization of premiums, discounts and issuance costs 4,572 5,514 4,816

Stock-based compensation expense 38,703 29,573 34,000

Deferred income taxes (24,149) (60,073) 18,149

Other (10,903) (3,783) 212

Changes in assets and liabilities:

Accounts receivable (36,598) 7,803 (34,000)

Prepaid expenses and other current assets (5,472) (2,792) (783)

Other long-term assets (395) (2,709) 10,035

Accounts payable and accrued expenses 15,390 24,551 11,617

Income taxes payable (61,256) 73,050 (2,234)

Payments of contingent consideration liabilities (1,093) (750) (1,037)

Long-term professional liabilities (4,490) 18,478 (3,452)

Other liabilities (4,294) (735) (7,405)

Net cash provided from operating activities 289,925 511,378 443,778

Cash flows from investing activities:

Acquisition payments, net of cash acquired (114,491) (531,696) (762,302)

Purchases of investments (15,884) (27,723) (60,976)

Proceeds from maturities of investments 13,710 25,410 41,325

Purchases of property and equipment (48,868) (49,309) (39,264)

Proceeds from sale of controlling interest in assets 22,764

Other 6,705

Net cash used in investing activities (142,769) (576,613) (821,217)

Cash flows from financing activities:

Borrowings on credit agreement 1,723,500 2,846,000 1,940,000

Payments on credit agreement (2,094,500) (2,699,000) (1,510,000)

Proceeds from issuance of senior notes 500,000

Payments for financing costs (7,090) (3,525)

Payments of contingent consideration liabilities (5,263) (5,449) (10,740)

Payments on capital lease obligations (1,356) (2,267) (2,130)

Excess tax benefit from exercises of stock options and vesting of restricted stock 4,241

Proceeds from issuance of common stock 16,258 23,276 22,022

Contribution from noncontrolling interests 894

Repurchases of common stock (302,160) (70,192) (61,828)

Net cash (used in) provided from financing activities (170,611) 89,737 381,565

Net (decrease) increase in cash and cash equivalents (23,455) 24,502 4,126

<u>Cash, cash equivalents and restricted cash at beginning of year</u>	80,200	55,698	51,572
<u>Cash, cash equivalents and restricted cash at end of year</u>	56,745	80,200	55,698
<u>Supplemental disclosure of cash flow information:</u>			
<u>Interest</u>	82,540	73,837	60,453
<u>Income taxes</u>	185,416	75,427	175,962
<u>Non-cash investing and financing activities:</u>			
<u>Value of common stock issued for acquisitions</u>		2,657	
<u>Equipment financed through capital leases</u>		684	1,619
<u>Property and equipment included in accounts payable</u>	\$ 2,927	\$ 2,700	\$ 2,673

[Organization, Consolidation
and Presentation of
Financial Statements](#)

[\[Abstract\]](#)

[General](#)

1. General:

The principal business activity of MEDNAX, Inc. (“MEDNAX” or the “Company”) and its subsidiaries is to provide neonatal, anesthesia, radiology and teleradiology, maternal-fetal and other pediatric subspecialty physician services. The Company has contracts with affiliated business corporations or professional associations, limited liability companies and partnerships (“affiliated professional contractors”), which are separate legal entities that provide physician services in certain states and Puerto Rico. The Company and its affiliated professional contractors also have contracts with hospitals and other healthcare facilities to provide physician services, which include (i) fee-for-service contracts, whereby hospitals and other customers agree, in exchange for the Company’s services, to authorize the Company and its healthcare professionals to bill and collect the charges for medical services rendered by the Company’s affiliated healthcare professionals, and (ii) administrative fee contracts, whereby the Company is assured a minimum revenue level.

In addition to its national physician network, the Company also provides services nationwide to healthcare providers, including its own, through complementary businesses including a management services organization specializing in full-service revenue cycle management and a consulting services company.

Summary of Significant Accounting Policies

12 Months Ended
Dec. 31, 2018

[Accounting Policies](#)

[\[Abstract\]](#)

[Summary of Significant Accounting Policies](#)

2. Summary of Significant Accounting Policies:

Principles of Presentation

The consolidated financial statements include all the accounts of the Company and its subsidiaries combined with the accounts of the affiliated professional contractors with which the Company currently has specific management arrangements. The Company's agreements with affiliated professional contractors provide that the term of the arrangements are in most cases permanent, subject only to termination by the Company, except in the case of gross negligence, fraud or bankruptcy of the Company. The Company has the right to receive income, both as ongoing fees and as proceeds from the sale of its interest in the Company's affiliated professional contractors, in an amount that fluctuates based on the performance of the affiliated professional contractors and the change in the fair value of the Company's interest in the affiliated professional contractors. The Company has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the Company's affiliated professional contractors and establishes the guidelines for the employment and compensation of the physicians. In addition, the agreements provide that the Company has the right, but not the obligation, to purchase, or to designate a person(s) to purchase, the stock of the Company's affiliated professional contractors for a nominal amount. Separately, in its sole discretion, the Company has the right to assign its interest in the agreements. Based upon the provisions of these agreements, the Company has determined that the affiliated professional contractors are variable interest entities and that the Company is the primary beneficiary as defined in the accounting guidance for consolidation. All significant intercompany and interaffiliate accounts and transactions have been eliminated.

The Company is a party to a joint venture in which it owns a 37.5% economic interest. In January 2018, the Company entered into an additional joint venture in which it owns a 49.0% economic interest. The Company accounts for these joint ventures under the equity method of accounting because the Company exercises significant influence over, but does not control, these entities.

Recently Adopted Accounting Pronouncements

In May 2014, the accounting guidance related to revenue recognition was amended to outline a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new accounting guidance is to require an entity to recognize as revenue the amount that reflects the consideration to which it expects to be entitled in exchange for goods or services as it transfers control to its customers. The guidance became effective for the Company on January 1, 2018 and was adopted on a full retrospective basis. The primary change for healthcare providers under the new guidance is the requirement to report the allowance for uncollectibles associated with patient responsibility amounts as a reduction in net revenue as opposed to bad debt expense, a component of operating expenses. The Company has historically included the allowance for uncollectibles associated with patient responsibility amounts with its allowance for contractual adjustments as a reduction in net revenue as such amounts are not material. Accordingly, the adoption of this guidance did not have an impact on the Company's Consolidated Financial Statements, other than increased financial statement disclosures. The guidance requires increased disclosures, including qualitative and quantitative disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

New Accounting Pronouncements

In February 2016, the accounting guidance related to leases was issued that will require an entity to recognize leased assets and the rights and obligations created by those leased assets on the balance sheet and to disclose key information about the entity's leasing arrangements. This guidance became effective for the Company on January 1, 2019, with early adoption permitted. The Company expects that the adoption of this guidance will have a material impact on its Consolidated Balance Sheets and related disclosures, resulting from the recognition of significant right of use assets and related liabilities primarily related to its operating lease arrangements for space in hospitals and certain other facilities for its business and medical offices. The Company has completed the review of its existing lease portfolio and has accumulated all of the necessary information required to properly account for leases under the new guidance. The Company has implemented a cloud-based software application, inclusive of a lease administration module and an accounting module. The Company is in the process of finalizing workflows, business processes and internal controls surrounding the new lease accounting process in order to meet the reporting and disclosure requirements.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("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 revenue and expenses during the reporting periods. Significant estimates and assumptions are involved in the calculation of the Company's allowance for contractual adjustments and uncollectibles on accounts receivable, liabilities for self-insured amounts and claims incurred but not reported related to the Company's professional liability risks and the fair value of goodwill. Actual results could differ from those estimates.

Segment Reporting

The results of the Company's operations are aggregated into a single reportable segment for purposes of presenting financial information in accordance with the accounting guidance for segment reporting.

The following table summarizes the Company's net revenue by service line (in percentages):

	Years Ended December 31,		
	2018	2017	2016
Neonatology and other pediatric subspecialties	36 %	37 %	39 %
Anesthesiology	35 %	38 %	39 %
Radiology	12 %	8 %	6 %
Maternal-fetal medicine	8 %	8 %	8 %
Management services	6 %	6 %	5 %
Pediatric cardiology	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Revenue Recognition

Patient service revenue is recognized at the time services are provided by the Company's affiliated physicians. The Company's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Almost all of the Company's patient service revenue is reimbursed by GHC Programs and third-party insurance payors. Payments for services rendered to the Company's patients are generally less than billed charges. The Company monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectibles. The Company estimates allowances for contractual adjustments and uncollectibles on accounts receivable based upon historical experience and other factors, including days sales outstanding (“DSO”) for accounts receivable, evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the physician rates for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue the Company expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Some of the Company’s hospital agreements require hospitals to pay the Company administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that the Company receives a specified minimum revenue level. The Company also receives fees from hospitals for administrative services performed by its affiliated physicians providing medical director or other services at the hospital.

In addition, the Company generates revenue through its management services organization for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee for coding of medical charts, a fixed fee per patient visit as well as a percentage of cash collections received by the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding occurs or the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collected for customers from payors.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed throughout the United States and its territories. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of the business units managed by the Company, as well as by the large number of patients and payors, including the various governmental agencies in the states in which the Company provides services. Receivables from government agencies made up approximately 19% and 17% of net accounts receivable at December 31, 2018 and 2017, respectively.

Cash and Cash Equivalents

Cash equivalents are defined as all highly liquid financial instruments with maturities of 90 days or less from the date of purchase. The Company’s cash equivalents typically consist of demand deposits, amounts on deposit in money market accounts, and funds invested in overnight repurchase agreements. Cash equivalent balances may, at certain times, exceed federally insured limits.

Certain cash equivalents carried by the Company are subject to the fair value provisions of the accounting guidance for fair value measurements. See “Fair Value Measurements” below.

Restricted Cash

Restricted cash consists of funds in escrow related to a potential future payment for contingent consideration for an acquisition completed in 2017.

Investments

Investments consist of municipal debt securities, federal home loan securities and certificates of deposit. Investments with remaining maturities of less than one year are classified as short-term investments. Investments classified as long-term have maturities of one year to five years.

The Company intends and has the ability to hold its securities to maturity, and therefore carries such investments at amortized cost in accordance with the provisions of the accounting guidance for investments in debt securities.

Property and Equipment

Property and equipment are recorded at original purchase cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the underlying assets. Estimated useful lives are generally 30 years for buildings; three to seven years for medical equipment, computer equipment, software and furniture; and the lesser of the useful life or the remaining lease term for leasehold improvements and capital leases. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in earnings.

Business Acquisitions

The Company accounts for all business acquisitions at fair value and expenses acquisition costs as they are incurred. Any identifiable assets acquired and liabilities assumed are recognized and measured at their respective fair values on the acquisition date. If information about facts and circumstances existing as of the acquisition date is incomplete at the end of the reporting period in which a business acquisition occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives sufficient information to finalize the fair values; however, the period will not exceed one year from the acquisition date. Any adjustments to provisional amounts that are identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

In connection with certain acquisitions, the Company enters into agreements to pay additional amounts in cash or common stock based on the achievement of certain performance measures for up to five years ending after the acquisition dates. The Company measures this contingent consideration at fair value at the acquisition date and records such contingent consideration as a liability or equity on the Company's Consolidated Balance Sheets on the acquisition date. The fair value of each contingent consideration liability is remeasured at each reporting period with any change in fair value recognized as income or expense within operations in the Company's Consolidated Statements of Income. See Note 6 for more information on the Company's business acquisitions.

Goodwill and Other Intangible Assets

The Company records acquired assets and assumed liabilities at their respective fair values under the acquisition method of accounting. Goodwill represents the excess of purchase price over the fair value of the net assets acquired. Intangible assets with finite lives, principally physician and hospital agreements, customer relationships, patented technology and trade names, are recognized apart from goodwill at the time of acquisition based on the contractual-legal and separability criteria established in the accounting guidance. Intangible assets with finite lives are amortized on either an accelerated basis based on the annual undiscounted economic cash flows associated with the particular intangible asset or on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are amortized over periods of one to 20 years.

Goodwill is tested for impairment at a reporting unit level on at least an annual basis in accordance with the subsequent measurement provisions of the accounting guidance for goodwill. The Company defines a reporting unit based upon its management structure for services provided in specific regions of the United States. The Company early adopted new accounting guidance in 2017 that requires only a single-step quantitative test with any goodwill impairment measured as

the amount by which a reporting unit's carrying value exceeds its fair value. The Company uses income and market-based valuation approaches to determine the fair value of its reporting units. These approaches focus on discounted cash flows and market multiples based on the Company's market capitalization to derive the fair value of a reporting unit. The Company also considers the economic outlook for the healthcare services industry and various other factors during the testing process, including hospital and physician contract changes, local market developments, changes in third-party payor payments, and other publicly available information. The Company completed annual impairment tests in the third quarter of each of 2018, 2017 and 2016 and determined that goodwill was not impaired in any of the three years.

Long-Lived Assets

The Company is required to evaluate long-lived assets, including intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying value of the assets may not be fully recoverable. The recoverability of such assets is measured by a comparison of the carrying value of the assets to the future undiscounted cash flows before interest charges to be generated by the assets. If long-lived assets are impaired, the impairment to be recognized is measured as the excess of the carrying value over the fair value. Long-lived assets held for disposal are reported at the lower of the carrying value or fair value less disposal costs. The Company does not believe there are any indicators that would require an adjustment to such assets or their estimated periods of recovery at December 31, 2018 pursuant to current accounting standards.

Common Stock Repurchases

The Company repurchases shares of its common stock as authorized from time to time by its Board of Directors. The Company treats repurchased shares of its common stock as retired as any repurchased shares become authorized but unissued shares. The reacquisition cost of repurchased shares is recorded as a reduction in the respective components of shareholders' equity.

Professional Liability Coverage

The Company maintains professional liability insurance policies with third-party insurers generally on a claims-made basis, subject to deductibles or self-insured retention, exclusions and other restrictions. The Company's self-insured retention under its professional liability insurance program is maintained primarily through a wholly owned captive insurance subsidiary. The Company records an estimate of liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Liabilities for claims incurred but not reported are not discounted.

Income Taxes

The Company records deferred income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. If it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is provided against such deferred tax assets. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The accounting guidance for uncertain tax positions prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also requires policy disclosures regarding penalties and interest and extensive disclosures regarding increases and decreases in uncertain tax positions as a result of tax positions taken in a current or prior period, settlements with taxing authorities and any lapse of an applicable statute of limitations. Additional qualitative

discussion is required for any tax position that may result in a significant increase or decrease in uncertain tax positions within a 12-month period from the Company's reporting date.

Stock Incentive Plans

The Company grants stock-based awards consisting primarily of restricted stock to key employees under its Amended and Restated 2008 Incentive Compensation Plan, as amended. The Company measures the cost of employee services received in exchange for stock-based awards based on grant-date fair value and allocates the resulting compensation expense over the corresponding requisite service period using the graded vesting attribution method. The Company also performs analyses to estimate forfeitures of stock-based awards on an annual basis and adjusts the estimates as necessary based on the number of awards that ultimately vest.

Net Income Per Common Share

Basic net income per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share is calculated by dividing net income by the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of outstanding restricted stock, deferred stock and stock options and is calculated using the treasury stock method. On January 1, 2017, the Company adopted new accounting guidance that no longer permits the Company to include the assumed excess tax benefits related to the potential exercise or vesting of its stock-based awards in the treasury stock method computation.

Fair Value Measurements

In accordance with the accounting guidance for fair value measurements and disclosures, the Company carries its money market funds included in cash and cash equivalents at fair value. In accordance with the three-tier fair value hierarchy under this guidance, the Company determined the fair value using quoted market prices, a Level 1 input as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's money market funds had a fair value of \$0.5 million and \$9.2 million, respectively.

The Company also carries the cash surrender value of life insurance related to its deferred compensation arrangements at fair value. The investments underlying the life insurance contracts consist primarily of exchange-traded equity securities and mutual funds with quoted prices in active markets. In accordance with the three-tier fair value hierarchy, the Company determined the fair value using the cash surrender value of the life insurance, a Level 2 input as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's cash surrender value of life insurance had a fair value of \$10.5 million and \$15.6 million, respectively.

In addition, the Company carries its contingent consideration liabilities related to acquisitions at fair value. In accordance with the three-tier fair value hierarchy, the Company determined the fair value of its contingent consideration liabilities using the income approach with assumed discount rates and payment probabilities. The income approach uses Level 3, or unobservable inputs as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's contingent consideration liabilities had a fair value of \$20.0 million and \$30.5 million, respectively. See Note 6 for more information regarding the Company's contingent consideration liabilities.

The carrying amounts of cash equivalents, short-term investments, accounts receivable and accounts payable and accrued expenses approximate fair value due to the short maturities of the respective instruments. The carrying values of long-term investments, line of credit, variable rate long-term debt and capital lease obligations approximate fair value. If the Company's investments were measured at fair value, they would be categorized as Level 2 in the fair value hierarchy. If the Company's line of credit was measured at fair value, it would be categorized as Level 2 in the fair value hierarchy. See Note 10 for information regarding the fair value of the Company's

5.25% senior unsecured notes due 2023 (the “2023 Notes”) and 6.25% senior unsecured notes due 2027 (the “2027 Notes”).

Investments

12 Months Ended
Dec. 31, 2018

[Investments, Debt and Equity Securities](#)

[\[Abstract\]](#)

[Investments](#)

3. Investments:

Investments held are summarized as follows (in thousands):

	December 31, 2018		December 31, 2017	
	Short-Term	Long-Term	Short-Term	Long-Term
Municipal debt securities	\$ 18,473	\$ 30,841	\$ 8,312	\$ 46,195
Federal home loan securities	2,000	34,393	1,000	30,322
Certificates of deposit	1,450	4,465	980	4,165
	<u>\$ 21,923</u>	<u>\$ 69,699</u>	<u>\$ 10,292</u>	<u>\$ 80,682</u>

Contractual maturities of long-term investments are summarized as follows (in thousands):

	December 31,	
	2018	2017
Due after one year through five years	\$69,699	\$78,561
Due after five years through six years	—	2,121
	<u>\$69,699</u>	<u>\$80,682</u>

Accounts Receivable and Net Revenue

**12 Months Ended
Dec. 31, 2018**

[Text Block \[Abstract\]](#)

[Accounts Receivable and Net Revenue](#)

4. Accounts Receivable and Net Revenue:

Accounts receivable, net consists of the following (in thousands):

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Gross accounts receivable	\$2,031,341	\$1,790,034
Allowance for contractual adjustments and uncollectibles	(1,489,069)	(1,286,035)
	<u>\$542,272</u>	<u>\$503,999</u>

Net revenue consists of the following (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net patient service revenue	\$3,067,784	\$2,915,648	\$2,760,192
Hospital contract administrative fees	363,369	315,778	271,886
Management services and other	215,970	226,886	151,081
	<u>\$ 3,647,123</u>	<u>\$ 3,458,312</u>	<u>\$ 3,183,159</u>

The following is a summary of our payor mix, expressed as a percentage of net revenue, exclusive of administrative fees and revenue related to management services and other, for the periods indicated:

	<u>Years Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contracted managed care	70 %	70 %	70 %
Government	24 %	25 %	23 %
Other third-parties	4 %	4 %	6 %
Private-pay patients	2 %	1 %	1 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Accounts receivable of \$542.3 million and \$504.0 million at December 31, 2018 and 2017, respectively, consist primarily of amounts due from GHC Programs and third-party insurance payors for services provided by the Company's affiliated physicians.

Net revenue of \$3.6 billion, \$3.5 billion and \$3.2 billion for the years ended December 31, 2018, 2017 and 2016, respectively, consists primarily of gross billed charges for services provided by the Company's affiliated physicians less an estimated allowance for contractual adjustments and uncollectibles to properly account for the anticipated differences between gross billed charge amounts and expected reimbursement amounts.

The Company's contractual adjustments and uncollectibles as a percentage of gross patient service revenue vary slightly each year depending on several factors, including improved managed care contracting, changes in reimbursement from state Medicaid programs and other GHC Programs, shifts in the percentage of patient services being reimbursed under GHC Programs and annual price increases.

The Company's annual price increases typically increase contractual adjustments as a percentage of gross patient service revenue. This increase is primarily due to Medicaid, Medicare

and other GHC Programs that generally provide for reimbursements on a fee-schedule basis rather than on a gross charge basis. When the Company bills these programs, like other payors, on a gross-charge basis, it also increases its provision for contractual adjustments and uncollectibles by the amount of any price increase, resulting in a higher contractual adjustment percentage.

Some of the Company's hospital agreements require hospitals to pay the Company administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that the Company receives a specified minimum revenue level. The Company also receives fees from hospitals for administrative services performed by its affiliated physicians providing medical director or other services at the hospital.

In addition, the Company generates revenue through its management services organization for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee for coding of medical charts, a fixed fee per patient visit as well as a percentage of cash collections received by the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding occurs or the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collected for customers from payors.

Property and Equipment

12 Months Ended
Dec. 31, 2018

[Property, Plant and
Equipment \[Abstract\]](#)
[Property and Equipment](#)

5. Property and Equipment:

Property and equipment consists of the following (in thousands):

	December 31,	
	2018	2017
Building	\$33,189	\$33,024
Land	6,683	6,683
Equipment and other	300,981	253,453
	340,853	293,160
Accumulated depreciation	(207,816)	(169,624)
	<u>\$133,037</u>	<u>\$123,536</u>

At December 31, 2018 and 2017, property and equipment includes medical and other equipment held under capital leases of \$4.8 million and \$6.1 million, and related accumulated depreciation of \$4.0 million and \$4.6 million, respectively. The Company recorded depreciation expense of \$38.5 million, \$33.9 million and \$29.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Business Acquisitions

12 Months Ended
Dec. 31, 2018

Business Combinations

[Abstract]

Business Acquisitions

6. Business Acquisitions:

During the year ended December 31, 2018, the Company completed nine physician group practice acquisitions, including five radiology practices, two neonatology practices and two other pediatric subspecialty practices. The acquisition-date fair value of the total consideration for the nine acquisitions was \$111.8 million, net of cash acquired. In connection with these acquisitions, the Company recorded goodwill of \$95.0 million, other intangible assets consisting primarily of physician and hospital agreements of \$17.2 million, current assets of \$1.7 million and other liabilities of \$2.1 million.

These acquisitions expanded the Company's national network of physician practices. The Company expects to improve the results of physician practices through improved managed care contracting, improved collections and identification of growth initiatives, as well as operating and cost savings based on the significant infrastructure it has developed. With respect to the Company's acquisition of radiology physician practices, the Company believes that it brings a unique value proposition to radiology physician groups, in that the Company can provide practice management support and a technology platform enabling radiology to be practiced at a national level, as well as teleradiology capabilities that can enhance a physician group's efficiency, provide subspecialty access and help them to grow strategically and remain competitive while meeting the demands of their hospital partners, third-party payors and regulatory bodies. In addition, the Company believes that radiology physician group practice physicians can complement the staffing needs for its teleradiology services business during certain times, such as nights and weekends, when such physicians are not providing services at their practices.

During the year ended December 31, 2018, in connection with certain prior-period acquisitions, the Company paid \$6.4 million for contingent consideration and \$1.2 million for purchase consideration that had been held back pending satisfaction of certain conditions. Of these amounts, all except for the accretion recorded during 2018 were accrued as of December 31, 2017. In addition, the Company recorded a decrease of \$5.3 million related to the change in the fair value of a contingent consideration agreement for which the probability of the achievement of certain performance measures was updated. This change in fair value of contingent consideration was recorded within operating expenses.

In connection with certain prior-period acquisitions, the Company also recorded a net increase in goodwill of \$4.0 million composed of a decrease in current assets of \$1.2 million, a decrease in noncurrent assets of \$1.5 million and a decrease in liabilities of \$0.2 million for measurement-period adjustments resulting from the finalization of acquisition accounting as well as additional cash consideration of \$1.5 million related to a working capital true up.

In January 2018, the Company completed the sale of a controlling interest and the contribution of remaining assets to a joint venture related to the \$46.0 million of assets held for sale at December 31, 2017. The Company accounts for its 49.0% economic interest in the joint venture as an equity method investment. The investment in this joint venture is included in other assets as presented in the Company's Condensed Consolidated Balance Sheet.

On November 1, 2018, the Company announced the initiation of a process to potentially divest the Company's management services service line to allow the Company to focus the organization on its core physician services business. There can be no assurance that this process will result in a transaction, and the Company may decide to retain all or part of the management services service line. The Company had expected that the management services service line could be classified as assets and liabilities held for sale within the Company's Consolidated Balance

Sheets and that historical operating results of the service line could be reported as discontinued operations in the Company's Consolidated Statements of Income for the year ended December 31, 2018; however, the criteria for such classification was not met at December 31, 2018. The management services service line continues to be classified as held and used as of December 31, 2018.

During the year ended December 31, 2017, the Company completed 10 physician group practice acquisitions, including four radiology practices, two maternal-fetal medicine practices, one neonatology practice, one pediatric multi-specialty practice and two other pediatric subspecialty practices.

On March 31, 2017, the Company sold its 75% economic interest in a joint venture that was previously consolidated. The deconsolidation and removal of 100% of the carrying value of the joint venture's net assets resulted in a gain on sale that was not material.

**Goodwill and Intangible
Assets**

**12 Months Ended
Dec. 31, 2018**

**Goodwill and Intangible
Assets Disclosure [Abstract]**

**Goodwill and Intangible
Assets**

7. Goodwill and Intangible Assets:

Goodwill was \$4.4 billion and \$4.3 billion at December 31, 2018 and 2017, respectively. The change in the carrying amount of goodwill of \$99.0 million during the year ended December 31, 2018 is primarily related to the Company's 2018 acquisitions. The Company expects that \$63.0 million of the goodwill recorded during the year ended December 31, 2018 will be deductible for tax purposes.

The Company's management services reporting unit has experienced lower operating results than previously forecasted primarily due to a slower rate of new customer bookings and an increase in customer termination activity. The Company continues to believe that the fair value of the reporting unit exceeds the carrying value, and accordingly the goodwill assigned to the management services reporting unit is not impaired. Although the Company believes that the current assumptions and estimates used in its goodwill analysis are reasonable, supportable and appropriate, continued efforts to maintain or improve the performance of this business could be impacted by unfavorable or unforeseen changes which could impact the existing assumptions used in the impairment analysis. Various factors could reasonably be expected to unfavorably impact existing assumptions, primarily delays in new customer bookings and the related delay in revenue from new customers, increases in customer termination activity or increases in operating costs. Accordingly, there can be no assurance that the estimates and assumptions made for the purposes of the goodwill impairment analysis will prove to be accurate predictions of future performance. The carrying value of the Company's management services reporting unit included goodwill of \$321.6 million as of December 31, 2018. The Company will continue to closely monitor the performance of the management services reporting unit. If an impairment loss is required in a future period, it could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of the Company's securities.

Intangible assets, net, consist of the following (in thousands):

	December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Physician and hospital agreements	\$ 376,871	\$ (223,589)	\$ 153,282
Customer relationships	443,300	(71,870)	371,430
Trade names	43,156	(4,630)	38,526
Patented and other technology	47,561	(22,487)	25,074
	<u>\$910,888</u>	<u>\$(322,576)</u>	<u>\$588,312</u>

	December 31, 2017		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Physician and hospital agreements	\$ 381,635	\$ (203,915)	\$ 177,720
Customer relationships	443,300	(48,837)	394,463
Trade names	43,156	(2,933)	40,223
Patented and other technology	38,590	(11,068)	27,522
	<u>\$906,681</u>	<u>\$(266,753)</u>	<u>\$639,928</u>

During the year ended December 31, 2018, the Company recorded intangible assets related to acquisitions totaling \$17.2 million, consisting primarily of physician and hospital agreements. The weighted-average amortization period for these physician and hospital agreements is approximately nine years.

Amortization expense for intangible assets was \$72.8 million, \$68.9 million and \$60.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Amortization expense for existing intangible assets for the next five years is expected to be as follows (in thousands):

2019	\$66,532
2020	59,969
2021	53,771
2022	46,249
2023	40,448

**Accounts Payable and
Accrued Expenses**

**12 Months Ended
Dec. 31, 2018**

[Payables and Accruals \[Abstract\]](#)

[Accounts Payable and Accrued Expenses](#)

8. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31,	
	2018	2017
Accounts payable	\$31,059	\$34,632
Accrued salaries and bonuses	249,834	225,429
Accrued payroll taxes and benefits	80,369	75,672
Accrued professional liabilities	34,931	37,912
Accrued contingent consideration	18,760	6,259
Accrued interest	9,477	4,495
Other accrued expenses	44,912	53,618
	<u>\$469,342</u>	<u>\$438,017</u>

**Accrued Professional
Liabilities**

**12 Months Ended
Dec. 31, 2018**

Health Care Organizations

[Abstract]

**Accrued Professional
Liabilities**

9. Accrued Professional Liabilities:

At December 31, 2018 and 2017, the Company's total accrued professional liabilities of \$244.0 million and \$250.2 million, respectively, included incurred but not reported loss reserves of \$139.1 million and \$138.5 million, respectively, and loss reserves for reported claims of \$104.9 million and \$111.7 million, respectively. Of the total liability, \$34.9 million is classified as a current liability within accounts payable and accrued expenses in the Consolidated Balance Sheet. In addition, there is a corresponding insurance receivable of \$16.7 million recorded as a component of other assets for certain professional liability claims that are covered by third-party insurance policies.

The activity related to the Company's total accrued professional liability for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$250,187	\$202,052	\$202,527
Assumed liabilities through acquisition	1,276	20,716	—
Provision (adjustment) for losses related to:			
Current year	34,483	41,291	38,129
Prior years	10,299	9,983	(25,428)
Total provision for losses	44,782	51,274	12,701
Claim payments related to:			
Current year	(555)	(712)	(766)
Prior years	(51,699)	(23,143)	(12,410)
Total payments	(52,254)	(23,855)	(13,176)
Balance at end of year	<u>\$243,991</u>	<u>\$250,187</u>	<u>\$202,052</u>

The net decrease in the Company's total accrued professional liability for the year ended December 31, 2018 was primarily related to an increase in claims payments made in the current year, partially offset by overall unfavorable trends in the Company's claims experience that impacted its provision for losses. The net increase in the Company's total accrued professional liability for the year ended December 31, 2017 was primarily related to overall unfavorable trends in the Company's claims experience that impacted its provision for losses and growth in the program from acquisitions.

**Line of Credit, Long-Term
Debt and Capital Lease
Obligations**

12 Months Ended

Dec. 31, 2018

Debt Disclosure [Abstract]

Line of Credit, Long-Term

Debt and Capital Lease

Obligations

10. Line of Credit, Long-Term Debt and Capital Lease Obligations:

The Company's Credit Agreement provides for a \$2.0 billion unsecured revolving credit facility and includes a \$37.5 million sub-facility for the issuance of letters of credit. In November 2018, the Company amended and restated its Credit Agreement to make certain technical, conforming and other changes. The Credit Agreement matures on October 31, 2022 and is guaranteed by substantially all of the Company's subsidiaries and affiliated professional associations and corporations. At the Company's option, borrowings under the Credit Agreement will bear interest at (i) the alternate base rate (defined as the higher of (a) the prime rate, (b) the Federal Funds Rate plus 1/2 of 1.00% and (c) LIBOR for an interest period of one month plus 1.00%) plus an applicable margin rate ranging from 0.125% to 0.750% based on the Company's consolidated leverage ratio or (ii) the LIBOR rate plus an applicable margin rate ranging from 1.125% to 1.750% based on the Company's consolidated leverage ratio. The Credit Agreement also calls for other customary fees and charges, including an unused commitment fee ranging from 0.150% to 0.300% of the unused lending commitments, based on the Company's consolidated leverage ratio.

The Credit Agreement contains customary covenants and restrictions, including covenants that require the Company to maintain a minimum interest charge ratio, not to exceed a specified consolidated leverage ratio and to comply with laws, and restrictions on the ability of the Company to pay dividends and make certain other distributions, as specified therein. Failure to comply with these covenants would constitute an event of default under the Credit Agreement, notwithstanding the ability of the Company to meet its debt service obligations. The Credit Agreement also includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the Credit Agreement.

In December 2015, the Company completed a private offering of \$750.0 million aggregate principal amount of 2023 Notes. In November 2018, the Company completed a private offering of \$500.0 million aggregate principal amount of 2027 Notes. The Company's obligations under the 2023 Notes and the 2027 Notes are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional contractors that guarantee the Credit Agreement. Interest on the 2023 Notes accrues at the rate of 5.25% per annum and is payable semi-annually in arrears on June 1 and December 1. Interest on the 2027 Notes accrues at the rate of 6.25% per annum and is payable semi-annually in arrears on January 15 and July 15, with the initial interest payment due on January 15, 2019.

As of December 31, 2018, the Company may redeem all or a portion of the 2023 Notes, at the redemption prices of 102.625% in 2019, 101.313% in 2020 and 100% in 2021 and thereafter, plus accrued and unpaid interest to the redemption date.

At any time prior to January 15, 2022, the Company may redeem all or a portion of the 2027 Notes at a redemption price equal to 100% of the principal amount of the notes being redeemed plus an applicable redemption premium and accrued and unpaid interest to the redemption date. In addition, at any time prior to January 15, 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2027 Notes at a redemption price of 106.250% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, using proceeds from one or more equity offerings. On or after January 15, 2022, the Company may redeem all or a portion of the 2027 Notes, at the redemption prices of 104.688% in 2022, 103.125% in 2023, 101.563% in 2024 and 100% in 2025 and thereafter, plus accrued and unpaid interest to the redemption date.

The indenture under which the 2023 Notes and the 2027 Notes are issued, among other things, limits our ability to (1) incur liens and (2) enter into sale and lease-back transactions, and also limits our ability to merge or dispose of all or substantially all of our assets, in all cases, subject to a number of customary exceptions. Although we are not required to make mandatory redemption or sinking fund payments with respect to the 2023 Notes or the 2027 Notes, upon the occurrence of a change in control of MEDNAX, we may be required to repurchase the 2023 Notes or the 2027 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2023 Notes and the 2027 Notes repurchased plus accrued and unpaid interest.

The carrying value of the Company's long-term debt was \$2.0 billion and \$1.8 billion at December 31, 2018 and 2017, respectively, and consisted of the following (in thousands):

	December 31, 2018		
	Unamortized Debt Issuance		
	Principal	Costs	Total
Senior Notes	\$1,250,000	\$(15,408)	\$1,234,592
Revolving line of credit	739,500	(4,274)	735,226
Total	\$1,989,500	\$(19,682)	\$1,969,818

	December 31, 2017		
	Unamortized Debt Issuance		
	Principal	Costs	Total
Senior Notes	\$750,000	\$(9,503)	\$740,497
Revolving line of credit	1,110,500	(4,864)	1,105,636
Total	\$1,860,500	\$(14,367)	\$1,846,133

The Company presents issuance costs related to long-term debt liabilities, other than revolving credit arrangements, as a direct deduction from the carrying value of that long-term debt. The Company has outstanding letters of credit which reduced the amount available under the Credit Agreement by \$0.2 million at December 31, 2018. At December 31, 2018, the Company had an available balance on its Credit Agreement of \$1.3 billion.

The carrying values of the Company's variable rate revolving line of credit approximates fair value due to the short-term nature of the interest rates. The estimated fair value of the Company's 2023 Notes and 2027 Notes were estimated using trading prices as of December 31, 2018 and 2017, respectively, as Level 2 inputs to estimate fair value and are summarized as follows (in thousands):

	December 31,	
	2018	2017
2023 Notes	\$736,725	\$763,125
2027 Notes	482,500	—

The Company's capital lease obligations consist of the following (in thousands):

	December 31,	
	2018	2017
Capital lease obligations	\$441	\$1,826
Less: Current portion	(253)	(1,401)
Long-term portion	\$188	\$425

The amounts due under the terms of the Company's capital lease obligations at December 31, 2018 are as follows:

2019	\$253
2020	114
2021	74

Income Taxes

12 Months Ended Dec. 31, 2018

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Income Taxes](#)

11. Income Taxes:

The components of the income tax provision (benefit) are as follows (in thousands):

	December 31,		
	2018	2017	2016
Federal:			
Current	\$97,754	\$130,053	\$166,758
Deferred	(20,176)	(63,038)	15,596
	<u>77,578</u>	<u>67,015</u>	<u>182,354</u>
State:			
Current	26,605	20,070	4,296
Deferred	(3,973)	2,965	2,553
	<u>22,632</u>	<u>23,035</u>	<u>6,849</u>
Total	<u>\$100,210</u>	<u>\$90,050</u>	<u>\$189,203</u>

The Company files its tax return on a consolidated basis with its subsidiaries, and its affiliated professional contractors file tax returns on an individual basis.

Beginning on January 1, 2018, the Company's statutory tax rate was reduced from 35.0% to 21.0% as a result of legislation enacted under the Tax Cuts and Jobs Act of 2017 ("TCJA"). The effective tax rate was 27.2%, 21.9% and 36.8% for the years ended December 31, 2018, 2017 and 2016, respectively. During the three months ended December 31, 2017, the Company recorded a \$70.0 million income tax benefit related to the reduction of its net deferred tax liability resulting from the reduction in the corporate tax rate under the TCJA. During the three months ended September 30, 2016, the Company settled a certain tax matter with a taxing authority. In connection with this settlement, the Company's effective income tax rate was favorably impacted by \$10.6 million.

The differences between the effective rate and the United States federal income tax statutory rate are as follows:

	December 31,		
	2018	2017	2016
Tax at statutory rate	21.00%	35.00 %	35.00%
State income tax, net of federal benefit	4.80	3.33	2.94
Non-deductible expenses	0.44	0.49	0.43
Change in accrual estimates relating to uncertain tax positions	0.05	0.02	(2.11)
Change in valuation allowance	—	—	0.48
Other, net	1.20	0.16	0.06
Change in tax law	(0.32)	(17.06)	—
Income tax provision	<u>27.17%</u>	<u>21.94 %</u>	<u>36.80%</u>

All of the Company's deferred tax assets and liabilities are classified as long-term. The significant components of deferred income tax assets and liabilities are as follows (in thousands):

	December 31,	
	2018	2017
Allowance for uncollectible accounts	\$194,876	\$80,056
Reserves and accruals	59,270	45,454
Stock-based compensation	9,201	7,975

Net operating loss carryforward	25,226	28,569
Property and equipment	26	685
Other	1,197	970
Deferred tax assets before valuation allowance	289,796	163,709
Less: Valuation allowance	(2,628)	(2,615)
Deferred tax assets, net of valuation allowance	287,168	161,094
Gross deferred tax liabilities:		
Amortization	(286,552)	(258,618)
Accounting method changes	(109,418)	(4,150)
Accrual to cash adjustment	(39)	(31,290)
Other	(489)	—
Total deferred tax liabilities	(396,498)	(294,058)
Net deferred tax liability	<u>\$(109,330)</u>	<u>\$(132,964)</u>

The Company's net deferred tax liability decreased by \$23.6 million during 2018. During 2018, certain of the Company's affiliated professional contractors elected to change their method of accounting from cash basis to accrual basis for income tax purposes. During the year ended December 31, 2018, the increases in allowance for uncollectible accounts of \$114.8 million and accounting method changes of \$105.3 million as well as the decrease in accrual to cash adjustment of \$31.3 million primarily relate to these accounting method changes.

Beginning January 1, 2017, excess tax benefits or deficiencies associated with the exercise of stock options, the vesting of restricted and deferred stock and the purchase of shares under the Company's non-qualified employee stock purchase plan are recognized as income tax benefits or expenses in the income statement in the reporting period in which they occur instead of an increase or decrease to additional paid-in-capital. For the years ended December 31, 2018 and 2017, income tax expense of \$1.4 million and \$0.2 million, respectively, was recognized for excess tax deficiencies. For the year ended December 31, 2016, additional paid-in-capital was increased by \$4.2 million for excess tax benefits.

The Company has net operating loss carryforwards for federal and state tax purposes totaling \$101.9 million, \$116.0 million and \$130.0 million at December 31, 2018, 2017 and 2016, respectively. With respect to the December 31, 2018 balance, approximately \$74.3 million expires at various times from 2019 through 2038, and \$27.6 million does not expire.

As of December 31, 2018, 2017 and 2016, the Company's liability for uncertain tax positions, excluding accrued interest and penalties, was \$11.2 million, \$11.0 million and \$9.5 million, respectively. As of December 31, 2018, the Company had \$10.9 million of uncertain tax positions that, if recognized, would favorably impact its effective tax rate.

The following table summarizes the activity related to the Company's liability for uncertain tax positions for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$10,972	\$9,469	\$18,447
Increases related to prior year tax positions	385	2,284	301
Decreases related to prior year tax positions	—	(143)	(3,927)
Increases related to current year tax positions	2,900	1,430	2,258
Settlements	—	—	(5,644)
Decreases related to lapse of statutes of limitation	(3,072)	(2,068)	(1,966)
Balance at end of year	\$11,185	\$10,972	\$9,469

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During the years ended December 31, 2018 and 2017, the Company increased its liability for uncertain tax positions by a total of \$0.2 million and \$1.5 million, respectively, primarily related to additional taxes on current and prior year positions, partially offset by the expiration of statutes of limitation. In addition, the Company anticipates that its liability for uncertain tax positions will increase by \$0.2 million over the next 12 months.

The Company includes interest and penalties related to income tax liabilities in income tax expense. The income tax benefit recognized by the Company for interest and penalties during the year ended December 31, 2018 was nominal. The Company recognized income tax benefits of \$0.2 million and \$7.9 million related to interest and penalties during the years ended December 31, 2017 and 2016, respectively. At December 31, 2018 and 2017, the Company's accrued liability for interest and penalties related to income tax liabilities totaled \$1.1 million and \$1.2 million, respectively.

The Company is currently subject to U.S. Federal and various state income tax examinations for the tax years 2014 through 2017.

**Common and Common
Equivalent Shares**

**12 Months Ended
Dec. 31, 2018**

Earnings Per Share

[Abstract]

**Common and Common
Equivalent Shares**

12. Common and Common Equivalent Shares:

The calculation of shares used in the basic and diluted net income per share calculation for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Weighted average number of common shares outstanding	91,104	92,431	92,422
Weighted average number of dilutive common share equivalents	502	527	687
Weighted average number of common and common equivalent shares outstanding	<u>91,606</u>	<u>92,958</u>	<u>93,109</u>
Antidilutive securities not included in the diluted net income per common share calculation	<u>214</u>	<u>107</u>	<u>2</u>

**Stock Incentive Plans and
Stock Purchase Plans**

**Disclosure of Compensation
Related Costs, Share-based
Payments [Abstract]**

**Stock Incentive Plans and
Stock Purchase Plans**

**12 Months Ended
Dec. 31, 2018**

13. Stock Incentive Plans and Stock Purchase Plans:

The Company's Amended and Restated 2008 Incentive Compensation Plan, as amended (the "Amended and Restated 2008 Incentive Plan") provides for grants of stock options, stock appreciation rights, restricted stock, deferred stock, and other stock-related awards and performance awards that may be settled in cash, stock or other property.

Under the Amended and Restated 2008 Incentive Plan, options to purchase shares of common stock may be granted at a price not less than the fair market value of the shares on the date of grant. The options must be exercised within 10 years from the date of grant and generally become exercisable on a pro rata basis over a three-year period from the date of grant. The Company issues new shares of its common stock upon exercise of its stock options. Restricted stock awards generally vest over periods of three years upon the fulfillment of specified service-based conditions and in certain instances performance-based conditions. Deferred stock awards generally vest upon the satisfaction of specified performance-based conditions or service-based conditions. The Company recognizes compensation expense related to its restricted stock and deferred stock awards ratably over the corresponding vesting periods. At December 31, 2018, the Company had 2.0 million shares available for future grants and awards under its Amended and Restated 2008 Incentive Plan.

Under the Company's 1996 Non-Qualified Employee Stock Purchase Plan, as amended (the "ESPP"), employees are permitted to purchase the Company's common stock at 85% of market value on January 1st, April 1st, July 1st and October 1st of each year. Under the Company's 2015 Non-Qualified Stock Purchase Plan (the "SPP"), certain eligible non-employee service providers are permitted to purchase the Company's common stock at 90% of market value on January 1st, April 1st, July 1st and October 1st of each year.

Each of the ESPP and the SPP provide for the issuance of an of aggregate 2.6 million shares of the Company's common stock less the number of shares of common stock purchased under the other plan. The Company recognizes stock-based compensation expense for the discount received by participating employees and non-employee service providers. During the year ended December 31, 2018, 0.4 million shares were issued under the ESPP and SPP. At December 31, 2018, the Company had 1.6 million shares in aggregate reserved for issuance under the ESPP and SPP.

The Company recognized \$38.7 million, \$29.6 million and \$34.0 million of stock-based compensation expense related to its stock incentive plans, the ESPP and the SPP during the years ended December 31, 2018, 2017 and 2016, respectively.

The activity related to the Company's restricted stock and deferred stock awards and the corresponding weighted average grant-date fair values for the year ended December 31, 2018 are as follows:

	Number of Shares	Weighted Average Fair Value
Non-vested shares at January 1, 2018	1,041,034	\$ 60.21
Awarded	770,480	\$ 51.99
Forfeited	(69,293)	\$ 56.65
Vested	<u>(431,368)</u>	\$ 63.57

Non-vested shares at December 31, 2018	<u>1,310,853</u>	\$ 54.46
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The aggregate fair value of the restricted and deferred stock that vested during the years ended December 31, 2018, 2017 and 2016 was \$27.4 million, \$29.3 million and \$29.8 million, respectively.

The weighted average grant-date fair value of restricted and deferred stock awards that were granted during the years ended December 31, 2018, 2017 and 2016 was \$51.99, \$54.22 and \$67.90, respectively.

At December 31, 2018, the total stock-based compensation cost related to non-vested restricted and deferred stock remaining to be recognized as compensation expense over a weighted-average period of 1.4 years was \$30.8 million.

The Company did not grant any stock options in 2018, 2017, or 2016, and all stock-based compensation cost related to stock options has been recognized. The activity and certain other information related to the Company's outstanding stock option awards for the year ended December 31, 2018 are as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2018	246,342	\$27.51		
Exercised	(133,366)	\$27.38		\$ 2.8
Outstanding and exercisable at December 31, 2018	<u>112,976</u>	\$27.65	<u>1.3</u>	<u>\$ 0.7</u>

The aggregate intrinsic value of stock options exercised during the years ended December 31, 2018, 2017 and 2016 was \$2.8 million, \$5.5 million and \$6.8 million, respectively.

There were no excess tax benefits recognized in additional paid-in capital in 2018 or 2017 due to the adoption of new accounting guidance on January 1, 2017 that requires excess tax benefits to be recognized in the income statement. The net excess tax benefit recognized in additional paid-in capital related primarily to stock options, restricted stock and deferred stock for the year ended December 31, 2016 was \$4.1 million. The cash proceeds received from the exercise of stock options for the years ended December 31, 2018, 2017 and 2016 were \$3.7 million, \$4.8 million and \$4.7 million, respectively.

Common Stock Repurchase Programs

12 Months Ended
Dec. 31, 2018

[Text Block \[Abstract\]](#)

[Common Stock Repurchase Programs](#)

14. Common Stock Repurchase Programs:

In July 2013, the Company's Board of Directors authorized the repurchase of shares of the Company's common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares under the Company's equity compensation programs. The share repurchase program allows the Company to make open market purchases from time-to-time based on general economic and market conditions and trading restrictions. The repurchase program also allows for the repurchase of shares of the Company's common stock to offset the dilutive impact from the issuance of shares, if any, related to the Company's acquisition program. Shares repurchased by the Company during the second quarter of 2018 completed the repurchases under the program with respect to issuances of shares under the Company's equity compensation programs during 2018.

In August 2018, the Company announced that its Board of Directors had authorized the repurchase of up to \$500.0 million of the Company's common stock in addition to its existing share repurchase program. As part of this repurchase program, on August 31, 2018, the Company entered into an uncollared accelerated share repurchase ("ASR") agreement with an investment bank. Under the ASR agreement, the Company agreed to purchase \$250.0 million of its common stock in total. On September 4, 2018, the Company paid a total of \$250.0 million to the investment bank, which in turn delivered to the Company approximately 4.2 million shares of the Company's common stock in total based on the market price of a share of Company common stock on August 31, 2018. The payment was recorded as a reduction to the respective components of shareholders' equity. The ASR agreement was funded by borrowings under the Company's Credit Agreement discussed in Note 10. Final settlement of the ASR occurred in December 2018 with the delivery to the Company of approximately 1.7 million additional shares of common stock. The final number of shares of common stock that the Company received was based upon the average daily volume weighted-average price of the Company's common stock during the term of the ASR agreement, less a negotiated discount.

Under the share repurchase programs described above, the Company repurchased approximately 7.0 million shares of its common stock for approximately \$302.2 million during the year ended December 31, 2018, inclusive of 54,909 shares withheld to satisfy minimum statutory withholding obligations of \$2.5 million in connection with the vesting of restricted stock and exercises of stock options during the second quarter of 2018.

During the year ended December 31, 2017, the Company repurchased 1.0 million shares of its common stock for \$70.2 million, inclusive of 38,257 shares withheld to satisfy minimum statutory withholding obligations of \$2.1 million in connection with the vesting of restricted stock.

The Company intends to utilize various methods to effect any future share repurchases, including, among others, open market purchases and accelerated share repurchase programs. The amount and timing of repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

Retirement Plans

**12 Months Ended
Dec. 31, 2018**

[Retirement Benefits](#)

[\[Abstract\]](#)

[Retirement Plans](#)

15. Retirement Plans:

The Company maintains six qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code and Section 1165(e) of the Puerto Rico Income Tax Act of 1954 (the “401(k) Plans”). The 401(k) Plans permit participant contributions and allow elective and, in certain situations, non-elective Company contributions based on each participant’s contribution or a specified percentage of eligible wages. Participants may defer a percentage of their annual compensation subject to the limits defined in the 401(k) Plans. The Company recorded expense of \$55.8 million, \$50.7 million and \$45.2 million for the years ended December 31, 2018, 2017 and 2016, respectively, primarily related to the 401(k) Plans.

Commitments and Contingencies

12 Months Ended
Dec. 31, 2018

[Commitments and Contingencies Disclosure](#)

[\[Abstract\]](#)

[Commitments and Contingencies](#)

16. Commitments and Contingencies:

The Company expects that audits, inquiries and investigations from government authorities and agencies will occur in the ordinary course of business. Such audits, inquiries and investigations and their ultimate resolutions, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities. The Company has not included an accrual for these matters as of December 31, 2018 in its Condensed Consolidated Financial Statements, as the variables affecting any potential eventual liability depend on the currently unknown facts and circumstances that arise out of, and are specific to, any particular future audit, inquiry and investigation and cannot be reasonably estimated at this time.

In the ordinary course of business, the Company becomes involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by the Company's affiliated physicians. The Company's contracts with hospitals generally require the Company to indemnify them and their affiliates for losses resulting from the negligence of the Company's affiliated physicians. The Company may also become subject to other lawsuits which could involve large claims and significant costs. The Company believes, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on its business, financial condition, results of operations, cash flows and the trading price of its securities. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities.

Although the Company currently maintains liability insurance coverage intended to cover professional liability and certain other claims, the Company cannot assure that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against it in the future where the outcomes of such claims are unfavorable. With respect to professional liability risk, the Company generally self-insures a portion of this risk through its wholly owned captive insurance subsidiary. Liabilities in excess of the Company's insurance coverage, including coverage for professional liability and certain other claims, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities.

The Company leases space for its regional, medical and business offices, storage space and temporary housing of medical staff. The Company also leases an aircraft. Rent expense for the years ended December 31, 2018, 2017 and 2016 was \$42.9 million, \$42.6 million and \$38.0 million, respectively.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2018 are as follows (in thousands):

2019	\$30,824
2020	22,038
2021	17,946
2022	12,708
2023	9,440
Thereafter	<u>10,522</u>

Selected Quarterly Financial
Information

12 Months Ended
Dec. 31, 2018

[Quarterly Financial
Information Disclosure](#)

[\[Abstract\]](#)

[Selected Quarterly Financial
Information](#)

17. Selected Quarterly Financial Information (Unaudited):

The following tables set forth a summary of the Company's selected quarterly financial information for each of the four quarters ended December 31, 2018 and 2017 (in thousands, except for per share data):

	2018 Quarters			
	First	Second	Third	Fourth
Net revenue	\$901,857	\$915,918	\$896,652	\$932,696
Operating expenses:				
Practice salaries and benefits	631,830	620,980	625,717	657,061
Practice supplies and other operating expenses	30,655	31,833	30,159	29,381
General and administrative expenses	108,776	107,908	102,905	112,789
Depreciation and amortization	26,163	26,518	28,709	29,891
Total operating expenses	797,424	787,239	787,490	829,122
Income from operations	104,433	128,679	109,162	103,574
Investment and other income	1,464	1,202	1,302	967
Interest expense	(19,935)	(21,604)	(21,782)	(25,448)
Equity in earnings of unconsolidated affiliates	1,525	1,257	1,766	2,277
Total non-operating expenses	(16,946)	(19,145)	(18,714)	(22,204)
Income before income taxes	87,487	109,534	90,448	81,370
Income tax provision	(24,059)	(30,122)	(24,873)	(21,156)
Net income	\$63,428	\$79,412	\$65,575	\$60,214
Per common and common equivalent share data				
(1):				
Net income:				
Basic	\$0.68	\$0.85	\$0.72	\$0.69
Diluted	\$0.68	\$0.85	\$0.72	\$0.68
Weighted average common shares:				
Basic	92,859	92,987	90,984	87,810
Diluted	93,505	93,529	91,359	88,258

(1) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

	2017 Quarters			
	First	Second	Third	Fourth
Net revenue	\$835,597	\$842,944	\$868,951	\$910,820
Operating expenses:				
Practice salaries and benefits	572,385	561,418	586,476	617,455
Practice supplies and other operating expenses	27,796	30,872	29,497	32,353
General and administrative expenses	103,765	103,015	101,430	108,895
Depreciation and amortization	25,614	25,735	25,116	26,414
Total operating expenses	729,560	721,040	742,519	785,117
Income from operations	106,037	121,904	126,432	125,703

Investment and other income	576	365	235	2,777
Interest expense	(17,752)	(18,535)	(18,428)	(19,844)
Equity (loss) in earnings of unconsolidated affiliate	797	689	(240)	(294)
Total non-operating expenses	(16,379)	(17,481)	(18,433)	(17,361)
Income before income taxes	89,658	104,423	107,999	108,342
Income tax (provision) benefit	(34,967)	(40,725)	(42,119)	27,761
Net income	<u>\$54,691</u>	<u>\$63,698</u>	<u>\$65,880</u>	<u>\$136,103</u>
Per common and common equivalent share data				
(2):				
Net income:				
Basic	<u>\$0.59</u>	<u>\$0.69</u>	<u>\$0.71</u>	<u>\$1.47</u>
Diluted	<u>\$0.59</u>	<u>\$0.69</u>	<u>\$0.71</u>	<u>\$1.46</u>
Weighted average common shares:				
Basic	<u>92,360</u>	<u>92,181</u>	<u>92,589</u>	<u>92,756</u>
Diluted	<u>93,143</u>	<u>92,812</u>	<u>92,881</u>	<u>93,159</u>

(2) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

Summary of Significant Accounting Policies (Policies)

12 Months Ended
Dec. 31, 2018

[Accounting Policies](#)

[\[Abstract\]](#)

[Principles of Presentation](#)

Principles of Presentation

The consolidated financial statements include all the accounts of the Company and its subsidiaries combined with the accounts of the affiliated professional contractors with which the Company currently has specific management arrangements. The Company's agreements with affiliated professional contractors provide that the term of the arrangements are in most cases permanent, subject only to termination by the Company, except in the case of gross negligence, fraud or bankruptcy of the Company. The Company has the right to receive income, both as ongoing fees and as proceeds from the sale of its interest in the Company's affiliated professional contractors, in an amount that fluctuates based on the performance of the affiliated professional contractors and the change in the fair value of the Company's interest in the affiliated professional contractors. The Company has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the Company's affiliated professional contractors and establishes the guidelines for the employment and compensation of the physicians. In addition, the agreements provide that the Company has the right, but not the obligation, to purchase, or to designate a person(s) to purchase, the stock of the Company's affiliated professional contractors for a nominal amount. Separately, in its sole discretion, the Company has the right to assign its interest in the agreements. Based upon the provisions of these agreements, the Company has determined that the affiliated professional contractors are variable interest entities and that the Company is the primary beneficiary as defined in the accounting guidance for consolidation. All significant intercompany and interaffiliate accounts and transactions have been eliminated.

The Company is a party to a joint venture in which it owns a 37.5% economic interest. In January 2018, the Company entered into an additional joint venture in which it owns a 49.0% economic interest. The Company accounts for these joint ventures under the equity method of accounting because the Company exercises significant influence over, but does not control, these entities.

[Recently Adopted Accounting Pronouncements](#)

Recently Adopted Accounting Pronouncements

In May 2014, the accounting guidance related to revenue recognition was amended to outline a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new accounting guidance is to require an entity to recognize as revenue the amount that reflects the consideration to which it expects to be entitled in exchange for goods or services as it transfers control to its customers. The guidance became effective for the Company on January 1, 2018 and was adopted on a full retrospective basis. The primary change for healthcare providers under the new guidance is the requirement to report the allowance for uncollectibles associated with patient responsibility amounts as a reduction in net revenue as opposed to bad debt expense, a component of operating expenses. The Company has historically included the allowance for uncollectibles associated with patient responsibility amounts with its allowance for contractual adjustments as a reduction in net revenue as such amounts are not material. Accordingly, the adoption of this guidance did not have an impact on the Company's Consolidated Financial Statements, other than increased financial statement disclosures. The guidance requires increased disclosures, including qualitative and quantitative disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

[New Accounting Pronouncements](#)

New Accounting Pronouncements

In February 2016, the accounting guidance related to leases was issued that will require an entity to recognize leased assets and the rights and obligations created by those leased assets on

the balance sheet and to disclose key information about the entity’s leasing arrangements. This guidance became effective for the Company on January 1, 2019, with early adoption permitted. The Company expects that the adoption of this guidance will have a material impact on its Consolidated Balance Sheets and related disclosures, resulting from the recognition of significant right of use assets and related liabilities primarily related to its operating lease arrangements for space in hospitals and certain other facilities for its business and medical offices. The Company has completed the review of its existing lease portfolio and has accumulated all of the necessary information required to properly account for leases under the new guidance. The Company has implemented a cloud-based software application, inclusive of a lease administration module and an accounting module. The Company is in the process of finalizing workflows, business processes and internal controls surrounding the new lease accounting process in order to meet the reporting and disclosure requirements.

[Accounting Estimates and Assumptions](#)

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“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 revenue and expenses during the reporting periods. Significant estimates and assumptions are involved in the calculation of the Company’s allowance for contractual adjustments and uncollectibles on accounts receivable, liabilities for self-insured amounts and claims incurred but not reported related to the Company’s professional liability risks and the fair value of goodwill. Actual results could differ from those estimates.

[Segment Reporting](#)

Segment Reporting

The results of the Company’s operations are aggregated into a single reportable segment for purposes of presenting financial information in accordance with the accounting guidance for segment reporting.

The following table summarizes the Company’s net revenue by service line (in percentages):

	Years Ended December 31,		
	2018	2017	2016
Neonatology and other pediatric subspecialties	36 %	37 %	39 %
Anesthesiology	35 %	38 %	39 %
Radiology	12 %	8 %	6 %
Maternal-fetal medicine	8 %	8 %	8 %
Management services	6 %	6 %	5 %
Pediatric cardiology	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

[Revenue Recognition](#)

Revenue Recognition

Patient service revenue is recognized at the time services are provided by the Company’s affiliated physicians. The Company’s performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Almost all of the Company’s patient service revenue is reimbursed by GHC Programs and third-party insurance payors. Payments for services rendered to the Company’s patients are generally less than billed charges. The Company monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectibles. The Company estimates allowances for contractual adjustments

and uncollectibles on accounts receivable based upon historical experience and other factors, including days sales outstanding (“DSO”) for accounts receivable, evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the physician rates for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue the Company expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Some of the Company’s hospital agreements require hospitals to pay the Company administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that the Company receives a specified minimum revenue level. The Company also receives fees from hospitals for administrative services performed by its affiliated physicians providing medical director or other services at the hospital.

In addition, the Company generates revenue through its management services organization for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee for coding of medical charts, a fixed fee per patient visit as well as a percentage of cash collections received by the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding occurs or the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collected for customers from payors.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed throughout the United States and its territories. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of the business units managed by the Company, as well as by the large number of patients and payors, including the various governmental agencies in the states in which the Company provides services. Receivables from government agencies made up approximately 19% and 17% of net accounts receivable at December 31, 2018 and 2017, respectively.

Cash and Cash Equivalents

Cash and Cash Equivalents

Cash equivalents are defined as all highly liquid financial instruments with maturities of 90 days or less from the date of purchase. The Company’s cash equivalents typically consist of demand deposits, amounts on deposit in money market accounts, and funds invested in overnight repurchase agreements. Cash equivalent balances may, at certain times, exceed federally insured limits.

Certain cash equivalents carried by the Company are subject to the fair value provisions of the accounting guidance for fair value measurements. See “Fair Value Measurements” below.

Restricted Cash

Restricted Cash

Restricted cash consists of funds in escrow related to a potential future payment for contingent consideration for an acquisition completed in 2017.

Investments

Investments

Investments consist of municipal debt securities, federal home loan securities and certificates of deposit. Investments with remaining maturities of less than one year are classified as short-term investments. Investments classified as long-term have maturities of one year to five years.

The Company intends and has the ability to hold its securities to maturity, and therefore carries such investments at amortized cost in accordance with the provisions of the accounting guidance for investments in debt securities.

Property and Equipment

Property and Equipment

Property and equipment are recorded at original purchase cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the underlying assets. Estimated useful lives are generally 30 years for buildings; three to seven years for medical equipment, computer equipment, software and furniture; and the lesser of the useful life or the remaining lease term for leasehold improvements and capital leases. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in earnings.

Business Acquisitions

Business Acquisitions

The Company accounts for all business acquisitions at fair value and expenses acquisition costs as they are incurred. Any identifiable assets acquired and liabilities assumed are recognized and measured at their respective fair values on the acquisition date. If information about facts and circumstances existing as of the acquisition date is incomplete at the end of the reporting period in which a business acquisition occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives sufficient information to finalize the fair values; however, the period will not exceed one year from the acquisition date. Any adjustments to provisional amounts that are identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

In connection with certain acquisitions, the Company enters into agreements to pay additional amounts in cash or common stock based on the achievement of certain performance measures for up to five years ending after the acquisition dates. The Company measures this contingent consideration at fair value at the acquisition date and records such contingent consideration as a liability or equity on the Company's Consolidated Balance Sheets on the acquisition date. The fair value of each contingent consideration liability is remeasured at each reporting period with any change in fair value recognized as income or expense within operations in the Company's Consolidated Statements of Income. See Note 6 for more information on the Company's business acquisitions.

Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets

The Company records acquired assets and assumed liabilities at their respective fair values under the acquisition method of accounting. Goodwill represents the excess of purchase price over the fair value of the net assets acquired. Intangible assets with finite lives, principally physician and hospital agreements, customer relationships, patented technology and trade names, are recognized apart from goodwill at the time of acquisition based on the contractual-legal and separability criteria established in the accounting guidance. Intangible assets with finite lives are amortized on either an accelerated basis based on the annual undiscounted economic cash flows associated with the particular intangible asset or on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are amortized over periods of one to 20 years.

Goodwill is tested for impairment at a reporting unit level on at least an annual basis in accordance with the subsequent measurement provisions of the accounting guidance for goodwill. The Company defines a reporting unit based upon its management structure for services provided in specific regions of the United States. The Company early adopted new accounting guidance in 2017 that requires only a single-step quantitative test with any goodwill impairment measured as the amount by which a reporting unit's carrying value exceeds its fair value. The Company uses income and market-based valuation approaches to determine the fair value of its reporting units. These approaches focus on discounted cash flows and market multiples based on the Company's

market capitalization to derive the fair value of a reporting unit. The Company also considers the economic outlook for the healthcare services industry and various other factors during the testing process, including hospital and physician contract changes, local market developments, changes in third-party payor payments, and other publicly available information. The Company completed annual impairment tests in the third quarter of each of 2018, 2017 and 2016 and determined that goodwill was not impaired in any of the three years.

Long-Lived Assets

Long-Lived Assets

The Company is required to evaluate long-lived assets, including intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying value of the assets may not be fully recoverable. The recoverability of such assets is measured by a comparison of the carrying value of the assets to the future undiscounted cash flows before interest charges to be generated by the assets. If long-lived assets are impaired, the impairment to be recognized is measured as the excess of the carrying value over the fair value. Long-lived assets held for disposal are reported at the lower of the carrying value or fair value less disposal costs. The Company does not believe there are any indicators that would require an adjustment to such assets or their estimated periods of recovery at December 31, 2018 pursuant to current accounting standards.

Common Stock Repurchases

Common Stock Repurchases

The Company repurchases shares of its common stock as authorized from time to time by its Board of Directors. The Company treats repurchased shares of its common stock as retired as any repurchased shares become authorized but unissued shares. The reacquisition cost of repurchased shares is recorded as a reduction in the respective components of shareholders' equity.

Professional Liability Coverage

Professional Liability Coverage

The Company maintains professional liability insurance policies with third-party insurers generally on a claims-made basis, subject to deductibles or self-insured retention, exclusions and other restrictions. The Company's self-insured retention under its professional liability insurance program is maintained primarily through a wholly owned captive insurance subsidiary. The Company records an estimate of liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Liabilities for claims incurred but not reported are not discounted.

Income Taxes

Income Taxes

The Company records deferred income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. If it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is provided against such deferred tax assets. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The accounting guidance for uncertain tax positions prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also requires policy disclosures regarding penalties and interest and extensive disclosures regarding increases and decreases in uncertain tax positions as a result of tax positions taken in a current or prior period, settlements with taxing authorities and any lapse of an applicable statute of limitations. Additional qualitative discussion is required for any tax position that may result in a significant increase or decrease in uncertain tax positions within a 12-month period from the Company's reporting date.

[Stock Incentive Plans](#)

Stock Incentive Plans

The Company grants stock-based awards consisting primarily of restricted stock to key employees under its Amended and Restated 2008 Incentive Compensation Plan, as amended. The Company measures the cost of employee services received in exchange for stock-based awards based on grant-date fair value and allocates the resulting compensation expense over the corresponding requisite service period using the graded vesting attribution method. The Company also performs analyses to estimate forfeitures of stock-based awards on an annual basis and adjusts the estimates as necessary based on the number of awards that ultimately vest.

[Net Income Per Common Share](#)

Net Income Per Common Share

Basic net income per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share is calculated by dividing net income by the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of outstanding restricted stock, deferred stock and stock options and is calculated using the treasury stock method. On January 1, 2017, the Company adopted new accounting guidance that no longer permits the Company to include the assumed excess tax benefits related to the potential exercise or vesting of its stock-based awards in the treasury stock method computation.

[Fair Value Measurements](#)

Fair Value Measurements

In accordance with the accounting guidance for fair value measurements and disclosures, the Company carries its money market funds included in cash and cash equivalents at fair value. In accordance with the three-tier fair value hierarchy under this guidance, the Company determined the fair value using quoted market prices, a Level 1 input as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's money market funds had a fair value of \$0.5 million and \$9.2 million, respectively.

The Company also carries the cash surrender value of life insurance related to its deferred compensation arrangements at fair value. The investments underlying the life insurance contracts consist primarily of exchange-traded equity securities and mutual funds with quoted prices in active markets. In accordance with the three-tier fair value hierarchy, the Company determined the fair value using the cash surrender value of the life insurance, a Level 2 input as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's cash surrender value of life insurance had a fair value of \$10.5 million and \$15.6 million, respectively.

In addition, the Company carries its contingent consideration liabilities related to acquisitions at fair value. In accordance with the three-tier fair value hierarchy, the Company determined the fair value of its contingent consideration liabilities using the income approach with assumed discount rates and payment probabilities. The income approach uses Level 3, or unobservable inputs as defined under the accounting guidance for fair value measurements. At December 31, 2018 and 2017, the Company's contingent consideration liabilities had a fair value of \$20.0 million and \$30.5 million, respectively. See Note 6 for more information regarding the Company's contingent consideration liabilities.

The carrying amounts of cash equivalents, short-term investments, accounts receivable and accounts payable and accrued expenses approximate fair value due to the short maturities of the respective instruments. The carrying values of long-term investments, line of credit, variable rate long-term debt and capital lease obligations approximate fair value. If the Company's investments were measured at fair value, they would be categorized as Level 2 in the fair value hierarchy. If the Company's line of credit was measured at fair value, it would be categorized as Level 2 in the fair value hierarchy. See Note 10 for information regarding the fair value of the Company's 5.25% senior unsecured notes due 2023 (the "2023 Notes") and 6.25% senior unsecured notes due 2027 (the "2027 Notes").

**Summary of Significant
Accounting Policies (Tables)**

**12 Months Ended
Dec. 31, 2018**

[Accounting Policies \[Abstract\]](#)
[Schedule of Net Revenue by Service
Line](#)

The following table summarizes the Company's net revenue by service line (in percentages):

	Years Ended December 31,		
	2018	2017	2016
Neonatology and other pediatric subspecialties	36 %	37 %	39 %
Anesthesiology	35 %	38 %	39 %
Radiology	12 %	8 %	6 %
Maternal-fetal medicine	8 %	8 %	8 %
Management services	6 %	6 %	5 %
Pediatric cardiology	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Investments (Tables)

12 Months Ended
Dec. 31, 2018

[Investments, Debt and Equity Securities](#)

[\[Abstract\]](#)

[Schedule of Investments](#)

Investments held are summarized as follows (in thousands):

	December 31, 2018		December 31, 2017	
	Short-Term	Long-Term	Short-Term	Long-Term
Municipal debt securities	\$ 18,473	\$ 30,841	\$ 8,312	\$ 46,195
Federal home loan securities	2,000	34,393	1,000	30,322
Certificates of deposit	1,450	4,465	980	4,165
	<u>\$ 21,923</u>	<u>\$ 69,699</u>	<u>\$ 10,292</u>	<u>\$ 80,682</u>

[Schedule of Contractual Maturities of Long-Term Investments](#)

Contractual maturities of long-term investments are summarized as follows (in thousands):

	December 31,	
	2018	2017
Due after one year through five years	\$69,699	\$78,561
Due after five years through six years	—	2,121
	<u>\$69,699</u>	<u>\$80,682</u>

**Accounts Receivable and Net
Revenue (Tables)**

**12 Months Ended
Dec. 31, 2018**

[Text Block \[Abstract\]](#)
[Schedule of Accounts
Receivable, Net](#)

Accounts receivable, net consists of the following (in thousands):

	December 31,	
	2018	2017
Gross accounts receivable	\$2,031,341	\$1,790,034
Allowance for contractual adjustments and uncollectibles	(1,489,069)	(1,286,035)
	<u>\$542,272</u>	<u>\$503,999</u>

[Schedule of Net Revenue](#)

Net revenue consists of the following (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Net patient service revenue	\$3,067,784	\$2,915,648	\$2,760,192
Hospital contract administrative fees	363,369	315,778	271,886
Management services and other	215,970	226,886	151,081
	<u>\$ 3,647,123</u>	<u>\$ 3,458,312</u>	<u>\$ 3,183,159</u>

[Schedule of Percentage of Net
Revenue](#)

The following is a summary of our payor mix, expressed as a percentage of net revenue, exclusive of administrative fees and revenue related to management services and other, for the periods indicated:

	Years Ended December 31,		
	2018	2017	2016
Contracted managed care	70 %	70 %	70 %
Government	24 %	25 %	23 %
Other third-parties	4 %	4 %	6 %
Private-pay patients	2 %	1 %	1 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

**Property and Equipment
(Tables)**

**12 Months Ended
Dec. 31, 2018**

[Property, Plant and Equipment \[Abstract\]](#)
[Schedule of Property and Equipment](#)

Property and equipment consists of the following (in thousands):

	December 31,	
	2018	2017
Building	\$33,189	\$33,024
Land	6,683	6,683
Equipment and other	300,981	253,453
	340,853	293,160
Accumulated depreciation	(207,816)	(169,624)
	<u>\$133,037</u>	<u>\$123,536</u>

**Goodwill and Intangible
Assets (Tables)**

**12 Months Ended
Dec. 31, 2018**

[Goodwill and Intangible Assets Disclosure
\[Abstract\]](#)

[Summary of Intangible Assets, Net](#)

Intangible assets, net, consist of the following (in thousands):

	December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Physician and hospital agreements	\$ 376,871	\$ (223,589)	\$ 153,282
Customer relationships	443,300	(71,870)	371,430
Trade names	43,156	(4,630)	38,526
Patented and other technology	47,561	(22,487)	25,074
	<u>\$910,888</u>	<u>\$(322,576)</u>	<u>\$588,312</u>

	December 31, 2017		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Physician and hospital agreements	\$ 381,635	\$ (203,915)	\$ 177,720
Customer relationships	443,300	(48,837)	394,463
Trade names	43,156	(2,933)	40,223
Patented and other technology	38,590	(11,068)	27,522
	<u>\$906,681</u>	<u>\$(266,753)</u>	<u>\$639,928</u>

[Amortization Expenses for Existing Intangible
Assets for the Next Five Years](#)

Amortization expense for existing intangible assets for the next five years is expected to be as follows (in thousands):

2019	\$66,532
2020	59,969
2021	53,771
2022	46,249
2023	40,448

**Accounts Payable and
Accrued Expenses (Tables)**

[Payables and Accruals \[Abstract\]](#)
[Schedule of Accounts Payable and Accrued
Expenses](#)

**12 Months Ended
Dec. 31, 2018**

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31,	
	2018	2017
Accounts payable	\$31,059	\$34,632
Accrued salaries and bonuses	249,834	225,429
Accrued payroll taxes and benefits	80,369	75,672
Accrued professional liabilities	34,931	37,912
Accrued contingent consideration	18,760	6,259
Accrued interest	9,477	4,495
Other accrued expenses	44,912	53,618
	<u>\$469,342</u>	<u>\$438,017</u>

**Accrued Professional
Liabilities (Tables)**

**12 Months Ended
Dec. 31, 2018**

[Health Care Organizations](#)

[\[Abstract\]](#)

[Schedule of Accrued
Professional Liability](#)

The activity related to the Company's total accrued professional liability for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$250,187	\$202,052	\$202,527
Assumed liabilities through acquisition	1,276	20,716	—
Provision (adjustment) for losses related to:			
Current year	34,483	41,291	38,129
Prior years	10,299	9,983	(25,428)
Total provision for losses	44,782	51,274	12,701
Claim payments related to:			
Current year	(555)	(712)	(766)
Prior years	(51,699)	(23,143)	(12,410)
Total payments	(52,254)	(23,855)	(13,176)
Balance at end of year	<u>\$243,991</u>	<u>\$250,187</u>	<u>\$202,052</u>

**Line of Credit, Long-Term
Debt and Capital Lease
Obligations (Tables)**
[Debt Disclosure \[Abstract\]](#)
[Schedule of Long-Term Debt](#)

**12 Months Ended
Dec. 31, 2018**

The carrying value of the Company's long-term debt was \$2.0 billion and \$1.8 billion at December 31, 2018 and 2017, respectively, and consisted of the following (in thousands):

	<u>December 31, 2018</u>		
	Unamortized Debt Issuance		
	<u>Principal</u>	<u>Costs</u>	<u>Total</u>
Senior Notes	\$1,250,000	\$(15,408)	\$1,234,592
Revolving line of credit	739,500	(4,274)	735,226
Total	<u>\$1,989,500</u>	<u>\$(19,682)</u>	<u>\$1,969,818</u>

	<u>December 31, 2017</u>		
	Unamortized Debt Issuance		
	<u>Principal</u>	<u>Costs</u>	<u>Total</u>
Senior Notes	\$750,000	\$(9,503)	\$740,497
Revolving line of credit	1,110,500	(4,864)	1,105,636
Total	<u>\$1,860,500</u>	<u>\$(14,367)</u>	<u>\$1,846,133</u>

[Summary of Estimated Fair
Value of Notes](#)

The estimated fair value of the Company's 2023 Notes and 2027 Notes were estimated using trading prices as of December 31, 2018 and 2017, respectively, as Level 2 inputs to estimate fair value and are summarized as follows (in thousands):

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
2023 Notes	\$736,725	\$763,125
2027 Notes	482,500	—

[Schedule of Capital Lease
Obligations](#)

The Company's capital lease obligations consist of the following (in thousands):

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Capital lease obligations	\$441	\$1,826
Less: Current portion	(253)	(1,401)
Long-term portion	<u>\$188</u>	<u>\$425</u>

[Schedule of Amounts Due
Under Terms of Capital Lease
Obligations](#)

The amounts due under the terms of the Company's capital lease obligations at December 31, 2018 are as follows:

2019	\$253
2020	114
2021	74

Income Taxes (Tables)

**12 Months Ended
Dec. 31, 2018**

[Income Tax Disclosure \[Abstract\]](#) [Summary of Components of Income Tax Provision](#)

The components of the income tax provision (benefit) are as follows (in thousands):

	December 31,		
	2018	2017	2016
Federal:			
Current	\$97,754	\$130,053	\$166,758
Deferred	(20,176)	(63,038)	15,596
	<u>77,578</u>	<u>67,015</u>	<u>182,354</u>
State:			
Current	26,605	20,070	4,296
Deferred	(3,973)	2,965	2,553
	<u>22,632</u>	<u>23,035</u>	<u>6,849</u>
Total	<u><u>\$100,210</u></u>	<u><u>\$90,050</u></u>	<u><u>\$189,203</u></u>

[Schedule of Differences Between Effective Rate and United States Federal Income Tax Statutory Rate](#)

The differences between the effective rate and the United States federal income tax statutory rate are as follows:

	December 31,		
	2018	2017	2016
Tax at statutory rate	21.00%	35.00 %	35.00%
State income tax, net of federal benefit	4.80	3.33	2.94
Non-deductible expenses	0.44	0.49	0.43
Change in accrual estimates relating to uncertain tax positions	0.05	0.02	(2.11)
Change in valuation allowance	—	—	0.48
Other, net	1.20	0.16	0.06
Change in tax law	(0.32)	(17.06)	—
Income tax provision	<u>27.17%</u>	<u>21.94 %</u>	<u>36.80%</u>

[Significant Components of Deferred Income Tax Assets and Liabilities](#)

All of the Company's deferred tax assets and liabilities are classified as long-term. The significant components of deferred income tax assets and liabilities are as follows (in thousands):

	December 31,	
	2018	2017
Allowance for uncollectible accounts	\$194,876	\$80,056
Reserves and accruals	59,270	45,454
Stock-based compensation	9,201	7,975
Net operating loss carryforward	25,226	28,569
Property and equipment	26	685
Other	1,197	970
Deferred tax assets before valuation allowance	289,796	163,709
Less: Valuation allowance	(2,628)	(2,615)
Deferred tax assets, net of valuation allowance	<u>287,168</u>	<u>161,094</u>
Gross deferred tax liabilities:		
Amortization	(286,552)	(258,618)

Accounting method changes	(109,418)	(4,150)
Accrual to cash adjustment	(39)	(31,290)
Other	(489)	—
Total deferred tax liabilities	(396,498)	(294,058)
Net deferred tax liability	<u>\$(109,330)</u>	<u>\$(132,964)</u>

Schedule of Activity Related to Gross Unrecognized Tax Benefits

The following table summarizes the activity related to the Company's liability for uncertain tax positions for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$10,972	\$9,469	\$18,447
Increases related to prior year tax positions	385	2,284	301
Decreases related to prior year tax positions	—	(143)	(3,927)
Increases related to current year tax positions	2,900	1,430	2,258
Settlements	—	—	(5,644)
Decreases related to lapse of statutes of limitation	(3,072)	(2,068)	(1,966)
Balance at end of year	<u>\$11,185</u>	<u>\$10,972</u>	<u>\$9,469</u>

**Common and Common
Equivalent Shares (Tables)**

**12 Months Ended
Dec. 31, 2018**

[Earnings Per Share \[Abstract\]](#)
[Schedule of Calculation of Shares Used
in Basic and Diluted Net Income Per
Share](#)

The calculation of shares used in the basic and diluted net income per share calculation for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Weighted average number of common shares outstanding	91,104	92,431	92,422
Weighted average number of dilutive common share equivalents	502	527	687
Weighted average number of common and common equivalent shares outstanding	<u>91,606</u>	<u>92,958</u>	<u>93,109</u>
Antidilutive securities not included in the diluted net income per common share calculation	<u>214</u>	<u>107</u>	<u>2</u>

**Stock Incentive Plans and
Stock Purchase Plans
(Tables)**

**12 Months Ended
Dec. 31, 2018**

[Disclosure of Compensation
Related Costs, Share-based
Payments \[Abstract\]
Schedule of Restricted Stock and
Deferred Stock Awards](#)

The activity related to the Company's restricted stock and deferred stock awards and the corresponding weighted average grant-date fair values for the year ended December 31, 2018 are as follows:

	Number of Shares	Weighted Average Fair Value
Non-vested shares at January 1, 2018	1,041,034	\$ 60.21
Awarded	770,480	\$ 51.99
Forfeited	(69,293)	\$ 56.65
Vested	(431,368)	\$ 63.57
Non-vested shares at December 31, 2018	<u>1,310,853</u>	<u>\$ 54.46</u>

[Schedule of Activity and Certain
Other Information Related to Stock
Option Awards](#)

The activity and certain other information related to the Company's outstanding stock option awards for the year ended December 31, 2018 are as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2018	246,342	\$27.51		
Exercised	(133,366)	\$27.38		\$ 2.8
Outstanding and exercisable at December 31, 2018	<u>112,976</u>	<u>\$27.65</u>	<u>1.3</u>	<u>\$ 0.7</u>

**Commitments and
Contingencies (Tables)**

**12 Months Ended
Dec. 31, 2018**

**[Commitments and Contingencies Disclosure
\[Abstract\]](#)**

**[Schedule of Future Minimum Lease Payments
under Non-Cancelable Operating Leases](#)**

Future minimum lease payments under non-cancelable operating leases as of December 31, 2018 are as follows (in thousands):

2019	\$30,824
2020	22,038
2021	17,946
2022	12,708
2023	9,440
Thereafter	10,522
	<u>\$103,478</u>

**Selected Quarterly Financial
Information (Tables)**

**12 Months Ended
Dec. 31, 2018**

[Quarterly Financial
Information Disclosure](#)

[\[Abstract\]](#)

[Summary of Company's
Selected Quarterly Financial
Information](#)

The following tables set forth a summary of the Company's selected quarterly financial information for each of the four quarters ended December 31, 2018 and 2017 (in thousands, except for per share data):

	2018 Quarters			
	First	Second	Third	Fourth
Net revenue	\$901,857	\$915,918	\$896,652	\$932,696
Operating expenses:				
Practice salaries and benefits	631,830	620,980	625,717	657,061
Practice supplies and other operating expenses	30,655	31,833	30,159	29,381
General and administrative expenses	108,776	107,908	102,905	112,789
Depreciation and amortization	26,163	26,518	28,709	29,891
Total operating expenses	797,424	787,239	787,490	829,122
Income from operations	104,433	128,679	109,162	103,574
Investment and other income	1,464	1,202	1,302	967
Interest expense	(19,935)	(21,604)	(21,782)	(25,448)
Equity in earnings of unconsolidated affiliates	1,525	1,257	1,766	2,277
Total non-operating expenses	(16,946)	(19,145)	(18,714)	(22,204)
Income before income taxes	87,487	109,534	90,448	81,370
Income tax provision	(24,059)	(30,122)	(24,873)	(21,156)
Net income	\$63,428	\$79,412	\$65,575	\$60,214
Per common and common equivalent share data (1):				
Net income:				
Basic	\$0.68	\$0.85	\$0.72	\$0.69
Diluted	\$0.68	\$0.85	\$0.72	\$0.68
Weighted average common shares:				
Basic	92,859	92,987	90,984	87,810
Diluted	93,505	93,529	91,359	88,258

(1) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

	2017 Quarters			
	First	Second	Third	Fourth
Net revenue	\$835,597	\$842,944	\$868,951	\$910,820
Operating expenses:				
Practice salaries and benefits	572,385	561,418	586,476	617,455
Practice supplies and other operating expenses	27,796	30,872	29,497	32,353
General and administrative expenses	103,765	103,015	101,430	108,895
Depreciation and amortization	25,614	25,735	25,116	26,414
Total operating expenses	729,560	721,040	742,519	785,117
Income from operations	106,037	121,904	126,432	125,703
Investment and other income	576	365	235	2,777
Interest expense	(17,752)	(18,535)	(18,428)	(19,844)

Equity (loss) in earnings of unconsolidated affiliate	<u>797</u>	<u>689</u>	<u>(240)</u>	<u>(294)</u>
Total non-operating expenses	<u>(16,379)</u>	<u>(17,481)</u>	<u>(18,433)</u>	<u>(17,361)</u>
Income before income taxes	<u>89,658</u>	<u>104,423</u>	<u>107,999</u>	<u>108,342</u>
Income tax (provision) benefit	<u>(34,967)</u>	<u>(40,725)</u>	<u>(42,119)</u>	<u>27,761</u>
Net income	<u>\$54,691</u>	<u>\$63,698</u>	<u>\$65,880</u>	<u>\$136,103</u>
Per common and common equivalent share data				
(2):				
Net income:				
Basic	<u>\$0.59</u>	<u>\$0.69</u>	<u>\$0.71</u>	<u>\$1.47</u>
Diluted	<u>\$0.59</u>	<u>\$0.69</u>	<u>\$0.71</u>	<u>\$1.46</u>
Weighted average common shares:				
Basic	<u>92,360</u>	<u>92,181</u>	<u>92,589</u>	<u>92,756</u>
Diluted	<u>93,143</u>	<u>92,812</u>	<u>92,881</u>	<u>93,159</u>

(2) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

**Summary of Significant
Accounting Policies -
Additional Information
(Detail) - USD (\$)
\$ in Millions**

**12 Months
Ended**

**Dec. 31,
2018 Dec. 31,
2017 Nov. 30,
2018 Jan. 31,
2018 Dec. 31,
2015**

Summary Of Significant Accounting Policies [Line Items]

<u>Equity method ownership percentage in joint venture</u>	49.00%				
<u>Cash and cash equivalents maturity description</u>	90				
<u>Additional amounts to be paid in cash or common stock based on achievement of performance measures within period, maximum years</u>	5 years				
<u>Money market funds fair value</u>	\$ 0.5	\$ 9.2			
<u>Cash surrender fair value of life insurance</u>	10.5	15.6			
<u>Contingent consideration liabilities related to acquisitions</u>	\$ 20.0	\$ 30.5			

5.25% Senior Unsecured Notes Due 2023 [Member]

Summary Of Significant Accounting Policies [Line Items]

<u>Debt instrument interest rate</u>	5.25%				5.25%
<u>6.25% Senior Unsecured Notes Due 2027 [Member]</u>					

Summary Of Significant Accounting Policies [Line Items]

<u>Debt instrument interest rate</u>	6.25%		6.25%		
<u>Unnamed Corporate Joint Venture [Member]</u>					

Summary Of Significant Accounting Policies [Line Items]

<u>Equity method ownership percentage in joint venture</u>	37.50%			49.00%	
<u>Government Contracts Concentration Risk [Member] Accounts Receivable [Member]</u>					

Summary Of Significant Accounting Policies [Line Items]

<u>Percentage of net accounts receivable</u>	19.00%	17.00%			
<u>Buildings [Member]</u>					

Summary Of Significant Accounting Policies [Line Items]

<u>Property and equipment estimated useful lives, years</u>	30				
<u>Maximum [Member]</u>	years				

Summary Of Significant Accounting Policies [Line Items]

<u>Long-term investments maturity period, in years</u>	5 years				
<u>Short-Term investments maturity period, in years</u>	1 year				
<u>Intangible assets finite lives</u>	20				
	years				

Maximum [Member] | Medical Equipment [Member]

Summary Of Significant Accounting Policies [Line Items]

<u>Property and equipment estimated useful lives, years</u>	7 years				
<u>Maximum [Member] Computer Equipment [Member]</u>					

Summary Of Significant Accounting Policies [Line Items]

<u>Property and equipment estimated useful lives, years</u>	7 years				
<u>Maximum [Member] Software and Software Development Costs [Member]</u>					

Summary Of Significant Accounting Policies [Line Items]

Property and equipment estimated useful lives, years 7 years
Maximum [Member] | Furniture [Member]

Summary Of Significant Accounting Policies [Line Items]

Property and equipment estimated useful lives, years 7 years
Minimum [Member]

Summary Of Significant Accounting Policies [Line Items]

Long-term investments maturity period, in years 1 year
Intangible assets finite lives 1 year

Minimum [Member] | Medical Equipment [Member]

Summary Of Significant Accounting Policies [Line Items]

Property and equipment estimated useful lives, years 3 years
Minimum [Member] | Computer Equipment [Member]

Summary Of Significant Accounting Policies [Line Items]

Property and equipment estimated useful lives, years 3 years
Minimum [Member] | Software and Software Development Costs [Member]

Summary Of Significant Accounting Policies [Line Items]

Property and equipment estimated useful lives, years 3 years
Minimum [Member] | Furniture [Member]

Summary Of Significant Accounting Policies [Line Items]

Property and equipment estimated useful lives, years 3 years

**Summary of Significant
Accounting Policies -
Schedule of Net Revenue by
Service Line (Detail) -
Product Concentration Risk
[Member] - Sales Revenue,
Services, Net [Member]**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

Segment Reporting Information [Line Items]

Net revenue in percentage 100.00% 100.00% 100.00%

Neonatology and Other Pediatric Subspecialties [Member]

Segment Reporting Information [Line Items]

Net revenue in percentage 36.00% 37.00% 39.00%

Anesthesiology [Member]

Segment Reporting Information [Line Items]

Net revenue in percentage 35.00% 38.00% 39.00%

Radiology And Teleradiology [Member]

Segment Reporting Information [Line Items]

Net revenue in percentage 12.00% 8.00% 6.00%

Maternal-Fetal Medicine [Member]

Segment Reporting Information [Line Items]

Net revenue in percentage 8.00% 8.00% 8.00%

Management Services [Member]

Segment Reporting Information [Line Items]

Net revenue in percentage 6.00% 6.00% 5.00%

Pediatric Cardiology [Member]

Segment Reporting Information [Line Items]

Net revenue in percentage 3.00% 3.00% 3.00%

**Investments - Schedule of
Investments (Detail) - USD
($\$$)**

Dec. 31, 2018 Dec. 31, 2017

$\$$ in Thousands

Schedule of Held-to-maturity Securities [Line Items]

Short-Term \$ 21,923 \$ 10,292

Long-Term 69,699 80,682

Municipal Debt Securities [Member]

Schedule of Held-to-maturity Securities [Line Items]

Short-Term 18,473 8,312

Long-Term 30,841 46,195

Federal Home Loan Securities [Member]

Schedule of Held-to-maturity Securities [Line Items]

Short-Term 2,000 1,000

Long-Term 34,393 30,322

Certificates of Deposit [Member]

Schedule of Held-to-maturity Securities [Line Items]

Short-Term 1,450 980

Long-Term \$ 4,465 \$ 4,165

**Investments - Schedule of
Contractual Maturities of
Long-Term Investments
(Detail) - USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

Investments, Debt and Equity Securities [Abstract]

<u>Due after one year through five years</u>	\$ 69,699	\$ 78,561
<u>Due after five years through six years</u>		2,121
<u>Total</u>	\$ 69,699	\$ 80,682

**Accounts Receivable and Net
Revenue - Schedule of
Accounts Receivable, Net
(Detail) - USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

[Receivables \[Abstract\]](#)

<u>Gross accounts receivable</u>	\$ 2,031,341	\$ 1,790,034
<u>Allowance for contractual adjustments and uncollectibles</u>	(1,489,069)	(1,286,035)
<u>Accounts receivable, net</u>	\$ 542,272	\$ 503,999

Accounts Receivable and Net Revenue - Schedule of Net Revenue (Detail) - USD (\$) \$ in Thousands	3 Months Ended								12 Months Ended		
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Disaggregation of Revenue [Abstract]											
Net revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	932,696	896,652	915,918	901,857	910,820	868,951	842,944	835,597	3,647,123	3,458,312	3,183,159
Net patient service revenue											
Disaggregation of Revenue [Abstract]											
Net revenue									3,067,784	2,915,648	2,760,192
Hospital contract administrative fees											
Disaggregation of Revenue [Abstract]											
Net revenue									363,369	315,778	271,886
Management Services [Member]											
Disaggregation of Revenue [Abstract]											
Net revenue									\$ 215,970	\$ 226,886	\$ 151,081

Accounts Receivable and Net Revenue - Additional Information (Detail) - USD (\$) \$ in Thousands	3 Months Ended								12 Months Ended		
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Receivables [Abstract]											
Accounts receivable, net	\$				\$				\$ 542,272	\$ 503,999	
Net revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	932,696	896,652	915,918	901,857	910,820	868,951	842,944	835,597	3,647,123	3,458,312	3,183,159

**Property Plant and
Equipment - Schedule of
Property and Equipment
(Detail) - USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

Property, Plant and Equipment [Abstract]

<u>Building</u>	\$ 33,189	\$ 33,024
<u>Land</u>	6,683	6,683
<u>Equipment and other</u>	300,981	253,453
<u>Property and equipment, gross</u>	340,853	293,160
<u>Accumulated depreciation</u>	(207,816)	(169,624)
<u>Property and equipment, net</u>	\$ 133,037	\$ 123,536

**Property and Equipment -
Additional Information
(Detail) - USD (\$)
\$ in Thousands**

12 Months Ended

	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<u>Property, Plant and Equipment [Line Items]</u>			
<u>Medical and other equipment held under capital leases</u>	\$ 340,853	\$ 293,160	
<u>Accumulated depreciation of property and equipment held under capital leases</u>	207,816	169,624	
<u>Recorded depreciation expense</u>	38,500	33,900	\$ 29,000
<u>Medical and Other Equipment Held under Capital Lease [Member]</u>			
<u>Property, Plant and Equipment [Line Items]</u>			
<u>Medical and other equipment held under capital leases</u>	4,800	6,100	
<u>Accumulated depreciation of property and equipment held under capital leases</u>	\$ 4,000	\$ 4,600	

**Business Acquisitions -
Additional Information
(Detail)
\$ in Millions**

	Mar. 31, 2017	12 Months Ended Dec. 31, 2018 USD (\$) Company	Dec. 31, 2017 Company
<u>Business Acquisition [Line Items]</u>			
<u>Number of physician group practices acquired Company</u>		9	10
<u>Number of neonatology practices acquired Company</u>		2	1
<u>Number of other pediatric subspecialty practices acquired Company</u>		2	2
<u>Number of radiology practices acquired Company</u>		5	4
<u>Total business acquisition consideration</u>		\$ 111.8	
<u>Contingent consideration payments related to prior-period acquisitions</u>		6.4	
<u>Purchase consideration payments related to prior-period acquisitions</u>		1.2	
<u>Change in the fair value of a contingent consideration</u>		(5.3)	
<u>Assets held for sale</u>		\$ 46.0	
<u>Sale of equity method investments</u>		49.00%	
<u>Number of maternal-fetal medicine practices acquired Company</u>			2
<u>Number of pediatric multi-specialty practice acquired Company</u>			1
<u>Sale of minority interest percentage</u>	75.00%		
<u>Deconsolidation percentage</u>	100.00%		
<u>Physician Group [Member]</u>			
<u>Business Acquisition [Line Items]</u>			
<u>Goodwill</u>		\$ 95.0	
<u>Other intangible assets</u>		17.2	
<u>Decrease in current assets</u>		1.7	
<u>Other liabilities</u>		2.1	
<u>Prior-Period Acquisitions [Member]</u>			
<u>Business Acquisition [Line Items]</u>			
<u>Decrease in current assets</u>		1.2	
<u>Decrease in noncurrent assets</u>		1.5	
<u>Decrease in noncurrent liabilities</u>		0.2	
<u>Net increase in goodwill resulting from finalization of tax acquisition accounting</u>		4.0	
<u>Additional cash consideration related to a working capital true up</u>		\$ 1.5	

**Goodwill and Intangible
Assets - Additional
Information (Detail) - USD
(\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

Goodwill And Other Intangible Assets [Line Items]

<u>Goodwill</u>	\$ 4,382,995	\$ 4,283,963	
<u>Change in goodwill carrying amount</u>	99,000		
<u>Goodwill deductible for tax purpose</u>	63,000		
<u>Intangible assets related to acquisitions</u>	17,200		
<u>Amortization expense for intangible assets</u>	\$ 72,800	\$ 68,900	\$ 60,300

Physician And Hospital Agreements [Member]

Goodwill And Other Intangible Assets [Line Items]

<u>Weighted average amortization period</u>	9 years
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Management Services Reporting Unit [Member]

Goodwill And Other Intangible Assets [Line Items]

<u>Goodwill</u>	\$ 321,600
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**Goodwill and Intangible
Assets - Summary of
Intangible Assets, Net
(Detail) - USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

Finite-Lived Intangible Assets [Line Items]

<u>Gross Carrying Value</u>	\$ 910,888	\$ 906,681
<u>Accumulated Amortization</u>	(322,576)	(266,753)
<u>Net Carrying Value</u>	588,312	639,928

Physician And Hospital Agreements [Member]

Finite-Lived Intangible Assets [Line Items]

<u>Gross Carrying Value</u>	376,871	381,635
<u>Accumulated Amortization</u>	(223,589)	(203,915)
<u>Net Carrying Value</u>	153,282	177,720

Customer Relationships [Member]

Finite-Lived Intangible Assets [Line Items]

<u>Gross Carrying Value</u>	443,300	443,300
<u>Accumulated Amortization</u>	(71,870)	(48,837)
<u>Net Carrying Value</u>	371,430	394,463

Trade Names [Member]

Finite-Lived Intangible Assets [Line Items]

<u>Gross Carrying Value</u>	43,156	43,156
<u>Accumulated Amortization</u>	(4,630)	(2,933)
<u>Net Carrying Value</u>	38,526	40,223

Patented and Other Technology [Member]

Finite-Lived Intangible Assets [Line Items]

<u>Gross Carrying Value</u>	47,561	38,590
<u>Accumulated Amortization</u>	(22,487)	(11,068)
<u>Net Carrying Value</u>	\$ 25,074	\$ 27,522

**Goodwill and Intangible
Assets - Amortization
Expenses for Existing
Intangible Assets for the
Next Five Years (Detail)
\$ in Thousands**

**Dec. 31, 2018
USD (\$)**

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

[Amortization expense for existing other intangible assets, 2019](#) \$ 66,532

[Amortization expense for existing other intangible assets, 2020](#) 59,969

[Amortization expense for existing other intangible assets, 2021](#) 53,771

[Amortization expense for existing other intangible assets, 2022](#) 46,249

[Amortization expense for existing other intangible assets, 2023](#) \$ 40,448

**Accounts Payable and
Accrued Expenses - Schedule
of Accounts Payable and
Accrued Expenses (Detail) -
USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

Payables and Accruals [Abstract]

<u>Accounts payable</u>	\$ 31,059	\$ 34,632
<u>Accrued salaries and bonuses</u>	249,834	225,429
<u>Accrued payroll taxes and benefits</u>	80,369	75,672
<u>Accrued professional liabilities</u>	34,931	37,912
<u>Accrued contingent consideration</u>	18,760	6,259
<u>Accrued interest</u>	9,477	4,495
<u>Other accrued expenses</u>	44,912	53,618
<u>Accounts payable and accrued expenses, total</u>	\$ 469,342	\$ 438,017

**Accrued Professional
Liabilities - Additional
Information (Detail) - USD
(\$)**

\$ in Thousands

	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
<u>Payables and Accruals [Abstract]</u>				
<u>Total accrued professional liability</u>	\$ 243,991	\$ 250,187	\$ 202,052	\$ 202,527
<u>Accrued professional liability incurred but loss reserves not reported for claims</u>	139,100	138,500		
<u>Accrued professional liability incurred and loss reserves reported for claims</u>	104,900	111,700		
<u>Accrued professional liabilities</u>	34,931	\$ 37,912		
<u>Insurance receivables</u>	\$ 16,700			

**Accrued Professional
Liabilities - Schedule of
Accrued Professional
Liability (Detail) - USD (\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

Payables and Accruals [Abstract]

<u>Balance at beginning of year</u>	\$ 250,187	\$ 202,052	\$ 202,527
<u>Assumed liabilities through acquisition</u>	1,276	20,716	
<u>Provision (adjustment) for losses related to Current year</u>	34,483	41,291	38,129
<u>Provision (adjustment) for losses related to Prior years</u>	10,299	9,983	(25,428)
<u>Total provision for losses</u>	44,782	51,274	12,701
<u>Claim payments related to Current year</u>	(555)	(712)	(766)
<u>Claim payments related to Prior years</u>	(51,699)	(23,143)	(12,410)
<u>Total payments</u>	(52,254)	(23,855)	(13,176)
<u>Balance at end of year</u>	\$ 243,991	\$ 250,187	\$ 202,052

Line of Credit, Long-Term Debt and Capital Lease Obligations - Additional Information (Detail) - USD (\$)	12 Months Ended			
	Dec. 31, 2018	Nov. 30, 2018	Dec. 31, 2017	Dec. 31, 2015
Debt Instrument [Line Items]				
Line of Credit facility, maturity date	Oct. 31, 2022			
Long term debt	\$ 1,969,818,000		\$ 1,846,133,000	
Letters of credit outstanding amount	200,000			
Line of Credit facility, available balance	\$ 1,300,000,000			
Minimum [Member]				
Debt Instrument [Line Items]				
Commitment fee percentage	0.15%			
Maximum [Member]				
Debt Instrument [Line Items]				
Commitment fee percentage	0.30%			
Alternate Base Rate [Member] Federal Funds Rate [Member]				
Debt Instrument [Line Items]				
Debt instrument, interest rate	Federal Funds Rate plus 1/2 of 1.00%			
Alternate Base Rate [Member] LIBOR [Member]				
Debt Instrument [Line Items]				
Debt instrument, interest rate	LIBOR for an interest period of one month plus 1.00%			
Debt instrument, variable interest rate	1.00%			
Applicable Margin Rate [Member] LIBOR [Member] Minimum [Member]				
Debt Instrument [Line Items]				
Debt instrument, variable interest rate	0.125%			
Applicable Margin Rate [Member] LIBOR [Member] Maximum [Member]				
Debt Instrument [Line Items]				
Debt instrument, variable interest rate	0.75%			
Unsecured Revolving Credit Facility [Member]				
Debt Instrument [Line Items]				
Line of Credit facility, borrowing capacity	\$ 2,000,000,000			
Letters of Credit [Member]				
Debt Instrument [Line Items]				
Line of Credit facility, borrowing capacity	\$ 37,500,000			
5.25% Senior Unsecured Notes Due 2023 [Member]				

Debt Instrument [Line Items]

Aggregate principal amount of debt \$ 750,000,000

Debt instrument interest rate 5.25% 5.25%

Debt instrument maturity date description Payable semi-annually in arrears on June 1 and December 1

Debt instrument, maturity year 2023

Long term debt \$ 1,234,592,000 \$ 740,497,000

5.25% Senior Unsecured Notes Due 2023
[Member] | Change In Control [Member]

Debt Instrument [Line Items]

Redemption percentage of principal amount 101.00%

5.25% Senior Unsecured Notes Due 2023
[Member] | Redemption in 2019 [Member]

Debt Instrument [Line Items]

Redemption percentage of principal amount 102.625%

5.25% Senior Unsecured Notes Due 2023
[Member] | Redemption in 2020 [Member]

Debt Instrument [Line Items]

Redemption percentage of principal amount 101.313%

5.25% Senior Unsecured Notes Due 2023
[Member] | Redemption in 2021 and Thereafter
[Member]

Debt Instrument [Line Items]

Redemption percentage of principal amount 100.00%

6.25% Senior Unsecured Notes Due 2027
[Member]

Debt Instrument [Line Items]

Aggregate principal amount of debt \$ 500,000,000

Debt instrument interest rate 6.25% 6.25%

Debt instrument maturity date description Payable semi-annually in arrears on January 15 and July 15

Debt instrument, maturity year 2027

6.25% Senior Unsecured Notes Due 2027
[Member] | Change In Control [Member]

Debt Instrument [Line Items]

Redemption percentage of principal amount 101.00%

6.25% Senior Unsecured Notes Due 2027
[Member] | Redemption Before 2022 [Member]

Debt Instrument [Line Items]

Redemption percentage of principal amount 100.00%

[6.25% Senior Unsecured Notes Due 2027](#)
[\[Member\] | Redemption Before 2022 \[Member\] |](#)
[Redeem up to 35% of Aggregate Principal Amount](#)
[\[Member\]](#)

[Debt Instrument \[Line Items\]](#)

Redemption percentage of principal amount	35.00%
Redemption price percentage of aggregate principal amount redeemed	106.25%

[6.25% Senior Unsecured Notes Due 2027](#)
[\[Member\] | Redemption in 2022 \[Member\]](#)

[Debt Instrument \[Line Items\]](#)

Redemption percentage of principal amount	104.688%
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[6.25% Senior Unsecured Notes Due 2027](#)
[\[Member\] | Redemption in 2023 \[Member\]](#)

[Debt Instrument \[Line Items\]](#)

Redemption percentage of principal amount	103.125%
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[6.25% Senior Unsecured Notes Due 2027](#)
[\[Member\] | Redemption in 2024 \[Member\]](#)

[Debt Instrument \[Line Items\]](#)

Redemption percentage of principal amount	101.563%
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[6.25% Senior Unsecured Notes Due 2027](#)
[\[Member\] | Redemption in 2025 and Thereafter](#)
[\[Member\]](#)

[Debt Instrument \[Line Items\]](#)

Redemption percentage of principal amount	100.00%
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**Line of Credit, Long-Term
Debt and Capital Lease
Obligations - Schedule of
Long-Term Debt (Detail) -
USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

Debt Instrument [Line Items]

<u>Debt instrument principal amount</u>	\$ 1,989,500	\$ 1,860,500
<u>Unamortized debt issuance cost</u>	(19,682)	(14,367)
<u>Long term debt</u>	1,969,818	1,846,133

5.25% Senior Unsecured Notes Due 2023 [Member]

Debt Instrument [Line Items]

<u>Debt instrument principal amount</u>	1,250,000	750,000
<u>Unamortized debt issuance cost</u>	(15,408)	(9,503)
<u>Long term debt</u>	1,234,592	740,497

Revolving Credit Facility [Member]

Debt Instrument [Line Items]

<u>Debt instrument principal amount</u>	739,500	1,110,500
<u>Unamortized debt issuance cost</u>	(4,274)	(4,864)
<u>Long term debt</u>	\$ 735,226	\$ 1,105,636

**Line of Credit, Long-Term
Debt and Capital Lease
Obligations - Summary of
Estimated Fair Value of
Notes (Detail) - Level 2
[Member] - Estimate of Fair
Value Measurement
[Member] - USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

5.25% Senior Unsecured Notes Due 2023 [Member]

Debt Instrument Fair Value [Line Items]

Estimated fair value \$ 736,725 \$ 763,125

6.25% Senior Unsecured Notes Due 2027 [Member]

Debt Instrument Fair Value [Line Items]

Estimated fair value \$ 482,500

**Line of Credit, Long-Term
Debt and Capital Lease
Obligations - Schedule of
Capital Lease Obligations** Dec. 31, 2018 Dec. 31, 2017
(Detail) - USD (\$)
\$ in Thousands

Debt Disclosure [Abstract]

<u>Capital lease obligations</u>	\$ 441	\$ 1,826
<u>Less: Current portion</u>	(253)	(1,401)
<u>Long-term portion</u>	\$ 188	\$ 425

**Line of Credit, Long-Term
Debt and Capital Lease
Obligations - Schedule of
Amounts Due Under Terms
of Capital Lease Obligations**
(Detail)
\$ in Thousands

Dec. 31, 2018
USD (\$)

[Debt Disclosure \[Abstract\]](#)

<u>2019</u>	\$ 253
<u>2020</u>	114
<u>2021</u>	\$ 74

Income Taxes - Summary of Components of Income Tax Provision (Detail) - USD (\$) \$ in Thousands	3 Months Ended				12 Months Ended						
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<u>Income Tax Disclosure</u>											
<u>[Abstract]</u>											
<u>Federal, Current</u>									\$	\$	\$
									97,754	130,053	166,758
<u>Federal, Deferred</u>									(20,176)	(63,038)	15,596
<u>Federal income tax provision, Total</u>									77,578	67,015	182,354
<u>State, Current</u>									26,605	20,070	4,296
<u>State, Deferred</u>									(3,973)	2,965	2,553
<u>State income tax provision, Total</u>									22,632	23,035	6,849
<u>Income tax provision, Total</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	21,156	24,873	30,122	24,059	(27,761)	42,119	40,725	34,967	100,210	90,050	189,203

Income Taxes - Additional Information (Detail) - USD (\$) \$ in Thousands	3 Months Ended								12 Months Ended					
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Dec. 31, 2015
Income Tax [Line Items]														
Tax at statutory rate										21.00%	35.00%	35.00%		
Effective tax rate										27.17%	21.94%	36.80%		
Income tax benefit resulting from the reduction of deferred tax liabilities					\$ (70,000)									
Effective income tax rate favorable impact of change in uncertain tax positions													\$ 10,600	
Increase (decrease) in net deferred tax liability										\$ (23,600)				
Increase in allowance for uncollectible accounts										114,800				
Accounting method changes	\$ 109,418				4,150					109,418	\$ 4,150			
Decrease in accrual to cash adjustment										31,300				
Adjustment to additional paid-in capital for excess tax benefits related to stock-based awards												\$ 4,200		
Income tax expense for excess tax deficiencies										1,400	200			
Net operating loss carryforwards for federal and state tax	101,900				116,000					101,900	116,000	130,000		
Operating loss carryforwards subject to expiration	74,300									74,300				
Operating loss carryforwards not subject to expiration	27,600									27,600				
Uncertain tax position liability	11,185				10,972					11,185	10,972	9,469		\$ 18,447
Unrecognized tax benefits that would impact effective tax rate	10,900									10,900				
Increase (decrease) in uncertain tax position										200	1,500			
Income tax expense (benefit)	21,156	\$ 24,873	\$ 30,122	\$ 24,059	(27,761)	\$ 42,119	\$ 40,725	\$ 34,967		100,210	90,050	189,203		
Company's accrued liability for interest and penalties related to income tax liabilities	1,100				\$ 1,200					\$ 1,100	1,200			
Interest and Penalties [Member]														
Income Tax [Line Items]														
Income tax expense (benefit)										\$ 200	\$ 7,900			
Earliest Tax Year [Member]														
Income Tax [Line Items]														
Federal and state income tax examinations										2014				
Latest Tax Year [Member]														
Income Tax [Line Items]														

Federal and state income tax examinations		2017
Internal Revenue Code Section 481 [Member]		
Income Tax [Line Items]		
Accounting method changes	\$ 105,300	\$ 105,300
Scenario, Forecast [Member]		
Income Tax [Line Items]		
Increase (decrease) in uncertain tax position		\$ 200
Minimum [Member]		
Income Tax [Line Items]		
Expiration period of operating loss carryforwards		2019
Maximum [Member]		
Income Tax [Line Items]		
Expiration period of operating loss carryforwards		2038

**Income Taxes - Schedule of
Differences Between
Effective Rate and United
States Federal Income Tax
Statutory Rate (Detail)**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

Income Tax Disclosure [Abstract]

<u>Tax at statutory rate</u>	21.00%	35.00%	35.00%
<u>State income tax, net of federal benefit</u>	4.80%	3.33%	2.94%
<u>Non-deductible expenses</u>	0.44%	0.49%	0.43%
<u>Change in accrual estimates relating to uncertain tax positions</u>	0.05%	0.02%	(2.11%)
<u>Change in valuation allowance</u>			0.48%
<u>Other, net</u>	1.20%	0.16%	0.06%
<u>Change in tax law</u>	(0.32%)	(17.06%)	
<u>Income tax provision</u>	27.17%	21.94%	36.80%

**Income Taxes - Significant
Components of Deferred
Income Tax Assets and
Liabilities (Detail) - USD (\$)
\$ in Thousands**

Dec. 31, 2018 Dec. 31, 2017

Income Tax Disclosure [Abstract]

<u>Allowance for uncollectible accounts</u>	\$ 194,876	\$ 80,056
<u>Reserves and accruals</u>	59,270	45,454
<u>Stock-based compensation</u>	9,201	7,975
<u>Net operating loss carryforward</u>	25,226	28,569
<u>Property and equipment</u>	26	685
<u>Other</u>	1,197	970
<u>Deferred tax assets before valuation allowance</u>	289,796	163,709
<u>Less: Valuation allowance</u>	(2,628)	(2,615)
<u>Deferred tax assets, net of valuation allowance</u>	287,168	161,094
<u>Gross deferred tax liabilities:</u>		
<u>Amortization</u>	(286,552)	(258,618)
<u>Accounting method changes</u>	(109,418)	(4,150)
<u>Accrual to cash adjustment</u>	(39)	(31,290)
<u>Other</u>	(489)	
<u>Total deferred tax liabilities</u>	(396,498)	(294,058)
<u>Net deferred tax liability</u>	\$ (109,330)	\$ (132,964)

**Income Taxes - Schedule of
Activity Related to Gross
Unrecognized Tax Benefits
(Detail) - USD (\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

Income Tax Disclosure [Abstract]

<u>Balance at beginning of year</u>	\$ 10,972	\$ 9,469	\$ 18,447
<u>Increases related to prior year tax positions</u>	385	2,284	301
<u>Decreases related to prior year tax positions</u>		(143)	(3,927)
<u>Increases related to current year tax positions</u>	2,900	1,430	2,258
<u>Settlements</u>			(5,644)
<u>Decreases related to lapse of statutes of limitation</u>	(3,072)	(2,068)	(1,966)
<u>Balance at end of year</u>	\$ 11,185	\$ 10,972	\$ 9,469

Common and Common Equivalent Shares - Schedule of Calculation of Shares Used in Basic and Diluted Net Income Per Share (Detail) - shares shares in Thousands	3 Months Ended				12 Months Ended						
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Earnings Per Share [Abstract]											
<u>Weighted average number of common shares outstanding</u>	87,810	90,984	92,987	92,859	92,756	92,589	92,181	92,360	91,104	92,431	92,422
<u>Weighted average number of dilutive common share equivalents</u>								502	527	687	
<u>Weighted average number of common and common equivalent shares outstanding</u>	88,258	91,359	93,529	93,505	93,159	92,881	92,812	93,143	91,606	92,958	93,109
<u>Antidilutive securities not included in the diluted net income per common share calculation</u>								214	107	2	

**Stock Incentive Plans and
Stock Purchase Plans -
Additional Information
(Detail) - USD (\$)**

12 Months Ended

	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
<u>Common stock, aggregate shares authorized</u>	200,000,000	200,000,000	
<u>Stock-based compensation expense</u>	\$ 38,700,000	\$ 29,600,000	\$ 34,000,000
<u>Aggregate fair value of restricted and deferred stocks vested</u>	\$ 27,400,000	\$ 29,300,000	\$ 29,800,000
<u>Weighted average grant-date fair value of restricted and deferred stock awards granted</u>	\$ 51.99	\$ 54.22	\$ 67.90
<u>Aggregate intrinsic value of stock options exercised</u>	\$ 2,800,000	\$ 5,500,000	\$ 6,800,000
<u>Excess tax benefit related to employee stock incentive plans</u>	0		4,131,000
<u>Cash proceeds received from the exercise of stock options</u>	\$ 3,700,000	\$ 4,800,000	\$ 4,700,000
<u>Stock Option [Member]</u>			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
<u>Award vesting period</u>	3 years		
<u>Stock Option [Member] Maximum [Member]</u>			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
<u>Vesting period of options, maximum years</u>	10 years		
<u>Restricted Stock [Member]</u>			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
<u>Award vesting period</u>	3 years		
<u>Restricted and Deferred Stock Units [Member]</u>			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
<u>Unrecognized compensation expense related to non-vested restricted stock, weighted-average period in years</u>	1 year 4 months		
	24 days		
<u>Unrecognized compensation expense related to non-vested restricted shares</u>	\$ 30,800,000		
<u>1996 Non-Qualified Employee Stock Purchase Plan [Member]</u>			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
<u>Percentage of market value of common stock at which employees are permitted to purchase</u>	85.00%		
<u>2015 Non-Qualified Stock Purchase Plan [Member]</u>			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			

Percentage of market value of common stock at which employees are permitted to purchase	90.00%
Amended and Restated 2008 Plan [Member] Stock Option [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Shares available for future grants and awards under Stock Incentive Plans	2,000,000
1996 Non-Qualified Employee Stock Purchase Plan and 2015 Non-Qualified Stock Purchase Plan [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Common stock, aggregate shares authorized	2,600,000
Aggregate number Shares issued under Stock Purchase Plans	400,000
Common stock, reserved for issuance	1,600,000

**Stock Incentive Plans and
Stock Purchase Plans -
Schedule of Restricted Stock
and Deferred Stock Awards
(Detail) - \$ / shares**

12 Months Ended

	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<u>Disclosure of Compensation Related Costs, Share-based Payments</u>			
<u>[Abstract]</u>			
<u>Number of Shares, Non-vested shares at January 1, 2018</u>	1,041,034		
<u>Number of Shares, Awarded</u>	770,480		
<u>Number of Shares, Forfeited</u>	(69,293)		
<u>Number of Shares, Vested</u>	(431,368)		
<u>Number of Shares, Non-vested shares at December 31, 2018</u>	1,310,853	1,041,034	
<u>Weighted Average Fair Value, Non-vested shares at January 1, 2018</u>	\$ 60.21		
<u>Weighted Average Fair Value, Awarded</u>	51.99	\$ 54.22	\$ 67.90
<u>Weighted Average Fair Value, Forfeited</u>	56.65		
<u>Weighted Average Fair Value, Vested</u>	63.57		
<u>Weighted Average Fair Value, Non-vested shares at December 31, 2018</u>	\$ 54.46	\$ 60.21	

**Stock Incentive Plans and
Stock Purchase Plans -
Schedule of Activity and
Certain Other Information
Related to Stock Option
Awards (Detail) - USD (\$)
\$ / shares in Units, \$ in
Millions**

12 Months Ended

**Dec. 31, 2018 Dec. 31,
2017 Dec. 31,
2016**

Disclosure of Compensation Related Costs, Share-based Payments

[Abstract]

<u>Number of Shares, Outstanding at January 1, 2018</u>	246,342		
<u>Number of Shares, Exercised</u>	(133,366)		
<u>Number of Shares, Outstanding at December 31, 2018</u>	112,976	246,342	
<u>Number of Shares, Exercisable at December 31, 2017</u>	112,976		
<u>Weighted Average Exercise Price, Outstanding at January 1, 2018</u>	\$ 27.51		
<u>Weighted Average Exercise Price, Exercised</u>	27.38		
<u>Weighted Average Exercise Price, Outstanding at December 31, 2018</u>	27.65	\$ 27.51	
<u>Weighted Average Exercise Price, Exercisable at December 31, 2018</u>	\$ 27.65		
<u>Weighted Average Remaining Contractual Term (in years), Outstanding at December 31, 2018</u>	1 year 3 months 18 days		
<u>Weighted Average Remaining Contractual Term (in years), Exercisable at December 31, 2018</u>	1 year 3 months 18 days		
<u>Aggregate Intrinsic Value, Exercised</u>	\$ 2.8	\$ 5.5	\$ 6.8
<u>Aggregate Intrinsic Value, Outstanding at December 31, 2018</u>	0.7		
<u>Aggregate Intrinsic Value, Exercisable at December 31, 2018</u>	\$ 0.7		

Common Stock Repurchase Programs - Additional Information (Detail) - USD (\$)	Sep. 04, 2018	1	3	12 Months Ended			Aug. 31, 2018
		Months Ended Dec. 31, 2018	Months Ended Jun. 30, 2018	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	
Common Stock [Line Items]							
Common stock authorized for repurchase							\$ 500,000,000
Common stock repurchased				\$ 302,160,000	\$ 70,192,000	\$ 61,828,000	
Common Stock [Member]							
Common Stock [Line Items]							
Common stock repurchased				\$ 70,000	\$ 10,000	\$ 9,000	
Repurchased common stock, shares				7,041,000	1,038,000	946,000	
Restricted Stock [Member]							
Common Stock [Line Items]							
Number of shares withheld to satisfy minimum statutory tax withholding obligations			54,909		38,257		
Amount withheld to satisfy minimum statutory tax withholding obligations			\$ 2,500,000		\$ 2,100,000		
Accelerated Share Repurchase (ASR) Agreements [Member]							
Common Stock [Line Items]							
Common stock purchase							\$ 250,000,000
Common stock repurchased	\$ 250,000,000						
Repurchased common stock, shares	4,200,000	1,700,000					

**Retirement Plans -
Additional Information
(Detail) - USD (\$)
\$ in Millions**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

[Retirement Benefits \[Abstract\]](#)

Expense of retirement plans related to the 401(k) Plans \$ 55.8 \$ 50.7 \$ 45.2

**Commitments and
Contingencies - Additional
Information (Detail) - USD
(\$)**

12 Months Ended

Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016

\$ in Millions

[Commitments and Contingencies Disclosure \[Abstract\]](#)

Rent expense

\$ 42.9

\$ 42.6

\$ 38.0

**Commitments and
Contingencies - Schedule of
Future Minimum Lease
Payments under Non-
Cancelable Operating Leases
(Detail)
\$ in Thousands**

**Dec. 31, 2018
USD (\$)**

Commitments and Contingencies Disclosure [Abstract]

<u>2019</u>	\$ 30,824
<u>2020</u>	22,038
<u>2021</u>	17,946
<u>2022</u>	12,708
<u>2023</u>	9,440
<u>Thereafter</u>	10,522
<u>Total</u>	\$ 103,478

Selected Quarterly Financial Information - Summary of Company's Selected Quarterly Financial Information (Detail) - USD (\$)	3 Months Ended				12 Months Ended						
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
\$ / shares in Units, shares in Thousands, \$ in Thousands											
Quarterly Financial Information Disclosure [Abstract]											
Net revenue	\$ 932,696	\$ 896,652	\$ 915,918	\$ 901,857	\$ 910,820	\$ 868,951	\$ 842,944	\$ 835,597	\$ 3,647,123	\$ 3,458,312	\$ 3,183,159
Practice salaries and benefits	657,061	625,717	620,980	631,830	617,455	586,476	561,418	572,385	2,535,588	2,337,734	2,031,220
Practice supplies and other operating expenses	29,381	30,159	31,833	30,655	32,353	29,497	30,872	27,796	122,028	120,518	118,416
General and administrative expenses	112,789	102,905	107,908	108,776	108,895	101,430	103,015	103,765	432,378	417,105	372,572
Depreciation and amortization	29,891	28,709	26,518	26,163	26,414	25,116	25,735	25,614	111,281	102,879	89,264
Total operating expenses	829,122	787,490	787,239	797,424	785,117	742,519	721,040	729,560	3,201,275	2,978,236	2,611,472
Income from operations	103,574	109,162	128,679	104,433	125,703	126,432	121,904	106,037	445,848	480,076	571,687
Investment and other income	967	1,302	1,202	1,464	2,777	235	365	576	4,935	3,953	2,019
Interest expense	(25,448)	(21,782)	(21,604)	(19,935)	(19,844)	(18,428)	(18,535)	(17,752)	(88,769)	(74,559)	(63,092)
Equity (loss) in earnings of unconsolidated affiliate	2,277	1,766	1,257	1,525	(294)	(240)	689	797	6,825	952	3,185
Total non-operating expenses	(22,204)	(18,714)	(19,145)	(16,946)	(17,361)	(18,433)	(17,481)	(16,379)	(77,009)	(69,654)	(57,888)
Income before income taxes	81,370	90,448	109,534	87,487	108,342	107,999	104,423	89,658	368,839	410,422	513,799
Income tax (provision) benefit	(21,156)	(24,873)	(30,122)	(24,059)	27,761	(42,119)	(40,725)	(34,967)	(100,210)	(90,050)	(189,203)
Net income	0	0	0	0					268,629	320,372	324,596
Net loss attributable to noncontrolling interests	0	0	0	0							318
Net income attributable to MEDNAX, Inc.	\$ 60,214	\$ 65,575	\$ 79,412	\$ 63,428	\$ 136,103	\$ 65,880	\$ 63,698	\$ 54,691	\$ 268,629	\$ 320,372	\$ 324,914
Earnings per share, Basic	\$ 0.69	\$ 0.72	\$ 0.85	\$ 0.68	\$ 1.47	\$ 0.71	\$ 0.69	\$ 0.59	\$ 2.95	\$ 3.47	\$ 3.52
Earnings per share, Diluted	\$ 0.68	\$ 0.72	\$ 0.85	\$ 0.68	\$ 1.46	\$ 0.71	\$ 0.69	\$ 0.59	\$ 2.93	\$ 3.45	\$ 3.49
Weighted average shares, Basic	87,810	90,984	92,987	92,859	92,756	92,589	92,181	92,360	91,104	92,431	92,422
Weighted average shares, Diluted	88,258	91,359	93,529	93,505	93,159	92,881	92,812	93,143	91,606	92,958	93,109