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

# Form 10-Q

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

**For the quarterly period ended March 31, 2018**

**Commission file number 001-15925**

# COMMUNITY HEALTH SYSTEMS, INC.

*(Exact name of registrant as specified in its charter)*

| **Delaware** | **13-3893191** |
|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification Number)* |
| **4000 Meridian Boulevard**<br>**Franklin, Tennessee**<br>*(Address of principal executive offices)* | **37067**<br>*(Zip Code)* |

**615-465-7000**
*(Registrant's telephone number)*

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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 ☐ | Smaller reporting company ☐ |
| Non-accelerated filer ☐(Do not check if a smaller reporting company) | | Emerging growth company ☐ |

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of April 26, 2018, there were outstanding 116,296,706 shares of the Registrant's Common Stock, $0.01 par value.

**Community Health Systems, Inc.**

**Form 10-Q**

**For the Three Months Ended March 31, 2018**

**COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF LOSS**
***(In millions, except share and per share data)***
***(Unaudited)***

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Operating revenues (net of contractual allowances and discounts) | | $ 5,168 |
| Provision for bad debts | | 682 |
| *Net operating revenues (see Note 1)* | $ 3,689 | 4,486 |
| *Operating costs and expenses:* | | |
| Salaries and benefits | 1,648 | 2,061 |
| Supplies | 616 | 749 |
| Other operating expenses | 911 | 1,057 |
| Government and other legal settlements and related costs | 5 | (41) |
| Electronic health records incentive reimbursement | (1) | (6) |
| Rent | 89 | 109 |
| Depreciation and amortization | 181 | 236 |
| Impairment and (gain) loss on sale of businesses, net | 28 | 250 |
| Total operating costs and expenses | 3,477 | 4,415 |
| *Income from operations* | 212 | 71 |
| Interest expense, net | 228 | 229 |
| Loss from early extinguishment of debt | 4 | 21 |
| Equity in earnings of unconsolidated affiliates | (7) | (3) |
| Loss from continuing operations before income taxes | (13) | (176) |
| (Benefit from) provision for income taxes | (7) | - |
| Loss from continuing operations | (6) | (176) |
| Discontinued operations, net of taxes: | | |
| Loss from operations of entities sold or held for sale | - | (1) |
| Loss from discontinued operations, net of taxes | - | (1) |
| *Net loss* | (6) | (177) |
| Less: Net income attributable to noncontrolling interests | 19 | 22 |
| Net loss attributable to Community Health Systems, Inc. stockholders | $ (25) | $ (199) |
| *Basic loss per share attributable to Community Health Systems, Inc. common stockholders:* | | |
| Continuing operations | $ (0.22) | $ (1.78) |
| Discontinued operations | - | (0.01) |
| Net loss | $ (0.22) | $ (1.79) |
| *Diluted loss per share attributable to Community* Health Systems, Inc. common stockholders: | | |
| Continuing operations | $ (0.22) | $ (1.78) |
| Discontinued operations | - | (0.01) |
| Net loss | $ (0.22) | $ (1.79) |
| *Weighted-average number of shares outstanding:* | | |
| Basic | 112,291,496 | 111,252,331 |
| Diluted | 112,291,496 | 111,252,331 |

See accompanying notes to the condensed consolidated financial statements.

**COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
***(In millions)***
***(Unaudited)***

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Net loss | $ (6) | $ (177) |
| Other comprehensive income (loss), net of income taxes: | | |
| Net change in fair value of interest rate swaps, net of tax | 18 | 5 |
| Net change in fair value of available-for-sale securities, net of tax | (2) | 3 |
| Amortization and recognition of unrecognized pension cost, net of tax | 1 | - |
| Other comprehensive income | 17 | 8 |
| Comprehensive income (loss) | 11 | (169) |
| Less: Comprehensive income attributable to noncontrolling interests | 19 | 22 |
| Comprehensive loss attributable to Community Health Systems, Inc. stockholders | $ (8) | $ (191) |

See accompanying notes to the condensed consolidated financial statements.

**COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
***(In millions, except share data)***
***(Unaudited)***

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| *Current assets:* | | |
| Cash and cash equivalents | $ 424 | $ 563 |
| Patient accounts receivable (see Note 1) | 2,453 | 2,384 |
| Supplies | 442 | 444 |
| Prepaid income taxes | 17 | 17 |
| Prepaid expenses and taxes | 208 | 198 |
| Other current assets | 449 | 462 |
| *Total current assets* | 3,993 | 4,068 |
| *Property and equipment* | 11,402 | 11,497 |
| Less accumulated depreciation and amortization | (4,431) | (4,445) |
| Property and equipment, net | 6,971 | 7,052 |
| *Goodwill* | 4,704 | 4,723 |
| *Deferred income taxes* | 64 | 62 |
| *Other assets, net* | 1,579 | 1,545 |
| *Total assets* | $ 17,311 | $ 17,450 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| *Current liabilities:* | | |
| Current maturities of long-term debt | $ 37 | $ 33 |
| Accounts payable | 892 | 967 |
| Accrued liabilities: | | |
| Employee compensation | 668 | 685 |
| Accrued interest | 231 | 229 |
| Other | 435 | 442 |
| Total current liabilities | 2,263 | 2,356 |
| *Long-term debt* | 13,855 | 13,880 |
| *Deferred income taxes* | 19 | 19 |
| *Other long-term liabilities* | 1,352 | 1,360 |
| *Total liabilities* | 17,489 | 17,615 |
| *Redeemable noncontrolling interests in equity of consolidated subsidiaries* | 523 | 527 |
| *STOCKHOLDERS' DEFICIT* | | |
| *Community Health Systems, Inc. stockholders' deficit:* | | |
| Preferred stock, $.01 par value per share, 100,000,000 shares authorized; none issued | - | - |
| Common stock, $.01 par value per share, 300,000,000 shares authorized; 116,301,706 shares issued and outstanding at March 31, 2018, and 114,651,004 shares issued and outstanding at December 31, 2017 | 1 | 1 |
| Additional paid-in capital | 2,014 | 2,014 |
| Accumulated other comprehensive loss | (16) | (21) |
| Accumulated deficit | (2,774) | (2,761) |
| Total Community Health Systems, Inc. stockholders' deficit | (775) | (767) |
| *Noncontrolling interests in equity of consolidated subsidiaries* | 74 | 75 |
| *Total stockholders' deficit* | (701) | (692) |
| *Total liabilities and stockholders' deficit* | $ 17,311 | $ 17,450 |

See accompanying notes to the condensed consolidated financial statements.

**COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
***(In millions)***
***(Unaudited)***

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| *Cash flows from operating activities:* | | |
| Net loss | $ (6) | $ (177) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 181 | 236 |
| Government and other legal settlements and related costs | 5 | (1) |
| Stock-based compensation expense | 4 | 9 |
| Impairment and (gain) loss on sale of businesses, net | 28 | 250 |
| Loss from early extinguishment of debt | 4 | 21 |
| Other non-cash expenses, net | 12 | 8 |
| Changes in operating assets and liabilities, net of effects of acquisitions and divestitures: | | |
| Patient accounts receivable | (66) | 11 |
| Supplies, prepaid expenses and other current assets | (21) | (67) |
| Accounts payable, accrued liabilities and income taxes | (33) | (14) |
| Other | (2) | (34) |
| Net cash provided by operating activities | 106 | 242 |
| *Cash flows from investing activities:* | | |
| Acquisitions of facilities and other related businesses | (8) | (2) |
| Purchases of property and equipment | (170) | (146) |
| Proceeds from disposition of hospitals and other ancillary operations | 11 | - |
| Proceeds from sale of property and equipment | 3 | - |
| Purchases of available-for-sale securities and equity securities | (19) | (12) |
| Proceeds from sales of available-for-sale securities and equity securities | 34 | 26 |
| Increase in other investments | (28) | (37) |
| Net cash used in investing activities | (177) | (171) |
| *Cash flows from financing activities:* | | |
| Repurchase of restricted stock shares for payroll tax withholding requirements | (1) | (5) |
| Deferred financing costs and other debt-related costs | (11) | (40) |
| Proceeds from noncontrolling investors in joint ventures | - | 5 |
| Redemption of noncontrolling investments in joint ventures | (3) | (4) |
| Distributions to noncontrolling investors in joint ventures | (23) | (28) |
| Borrowings under credit agreements | 10 | 610 |
| Issuance of long-term debt | - | 2,200 |
| Proceeds from receivables facility | 49 | 26 |
| Repayments of long-term indebtedness | (89) | (2,826) |
| Net cash used in financing activities | (68) | (62) |
| *Net change in cash and cash equivalents* | (139) | 9 |
| *Cash and cash equivalents at beginning of period* | 563 | 238 |
| *Cash and cash equivalents at end of period* | $ 424 | $ 247 |
| *Supplemental disclosure of cash flow information:* | | |
| Interest payments | $ (212) | $ (279) |
| Income tax (payments) refunds, net | $ - | $ - |

See accompanying notes to the condensed consolidated financial statements.

## 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of Community Health Systems, Inc. (the "Parent" or "Parent Company") and its subsidiaries (the "Company") as of March 31, 2018 and December 31, 2017 and for the three-month periods ended March 31, 2018 and 2017, have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such periods. All intercompany transactions and balances have been eliminated. The results of operations for the three months ended March 31, 2018, are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2018. Certain information and disclosures normally included in the notes to condensed consolidated financial statements have been condensed or omitted as permitted by the rules and regulations of the Securities and Exchange Commission (the "SEC"). The Company believes the disclosures are adequate to make the information presented not misleading. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2017, contained in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2018 ("2017 Form 10-K").

Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the Parent are presented as a component of total equity on the condensed consolidated balance sheets to distinguish between the interests of the Parent Company and the interests of the noncontrolling owners. Noncontrolling interests that are redeemable or may become redeemable at a fixed or determinable price at the option of the holder or upon the occurrence of an event outside of the control of the Company are presented in mezzanine equity on the condensed consolidated balance sheets.

Throughout these notes to the condensed consolidated financial statements, Community Health Systems, Inc., and its consolidated subsidiaries are referred to on a collective basis as the "Company." This drafting style is not meant to indicate that the publicly traded Parent or any particular subsidiary of the Parent owns or operates any asset, business, or property. The hospitals, operations and businesses described in this filing are owned and operated by distinct and indirect subsidiaries of Community Health Systems, Inc.

*Revenue Recognition.* On January 1, 2018, the Company adopted the new revenue recognition accounting standard issued by the Financial Accounting Standards Board ("FASB") and codified in the FASB Accounting Standards Codification ("ASC") as topic 606 ("ASC 606"). The revenue recognition standard in ASC 606 outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The standard also requires expanded disclosures regarding the Company's revenue recognition policies and significant judgments employed in the determination of revenue.

The Company applied the modified retrospective approach to all contracts when adopting ASC 606. As a result, at the adoption of ASC 606 the majority of what was previously classified as the provision for bad debts in the statement of operations is now reflected as implicit price concessions (as defined in ASC 606) and therefore included as a reduction to net operating revenues in 2018. For changes in credit issues not assessed at the date of service, the Company will prospectively recognize those amounts in other operating expenses on the statement of operations. For periods prior to the adoption of ASC 606, the provision for bad debts has been presented consistent with the previous revenue recognition standards that required it to be presented separately as a component of net operating revenues. Additionally, upon adoption of Topic 606 the allowance for doubtful accounts of approximately $3.9 billion as of January 1, 2018 was reclassified as a component of net patient accounts receivable. Other than these changes in presentation on the condensed consolidated statement of operations and condensed consolidated balance sheet, the adoption of ASC 606 did not have a material impact on the consolidated results of operations for the three months ended March 31, 2018, and the Company does not expect it to have a material impact on its consolidated results of operations for the remainder of 2018 and on a prospective basis.

As part of the adoption of ASC 606, the Company elected two of the available practical expedients provided for in the standard. First, the Company did not adjust the transaction price for any financing components as those were deemed to be insignificant. Additionally, the Company expensed all incremental customer contract acquisition costs as incurred as such costs are not material and would be amortized over a period less than one year.

Net Operating Revenues

Upon the adoption of ASC 606, net operating revenues are recorded at the transaction price estimated by the Company to reflect the total consideration due from patients and third-party payors in exchange for providing goods and services in patient care. These services are considered to be a single performance obligation and have a duration of less than one year. Revenues are recorded as

these goods and services are provided. The transaction price, which involves significant estimates, is determined based on the Company's standard charges for the goods and services provided, with a reduction recorded for price concessions related to third party contractual arrangements as well as patient discounts and other patient price concessions. During the three months ended March 31, 2018, the impact of changes to the inputs used to determine the transaction price was considered immaterial to the current period.

Currently, several states utilize supplemental reimbursement programs for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients. These programs are designed with input from the Centers for Medicare & Medicaid Services and are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. Under these supplemental programs, the Company recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured. Reimbursement under these programs is reflected in net operating revenues and fees, taxes or other program-related costs are reflected in other operating expenses.

The Company's net operating revenues during the three months ended March 31, 2018 and 2017 have been presented in the table based on an allocation of the estimated transaction price with the patient between the primary patient classification of insurance coverage (in millions):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Medicare | $ 1,033 | $ 1,234 |
| Medicaid | 459 | 587 |
| Managed Care and other third-party payors | 2,117 | 2,528 |
| Self-pay | 80 | 137 |
| Total | $ 3,689 | $ 4,486 |

Patient Accounts Receivable

Patient accounts receivable are recorded at net realizable value based on certain assumptions determined by each payor. For third-party payors including Medicare, Medicaid, and Managed Care, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay accounts receivable, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience without regard to aging category. These estimates are adjusted for estimated conversions of patient responsibility portions, expected recoveries and any anticipated changes in trends.

Patient accounts receivable can be impacted by the effectiveness of the Company's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the net realizable value of accounts receivable. The Company also continually reviews the net realizable value of accounts receivable by monitoring historical cash collections as a percentage of trailing net operating revenues, as well as by analyzing current period net revenue and admissions by payor classification, aged accounts receivable by payor, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables and the impact of recent acquisitions and dispositions.

Final settlements for some payors and programs are subject to adjustment based on administrative review and audit by third parties. As a result of these final settlements, the Company has recorded amounts due to third-party payors of $149 million and $156 million as of March 31, 2018 and December 31, 2017, respectively, and these amounts are included in Accrued liabilities-other in the accompanying condensed consolidated balance sheets. Amounts due from third-party payors were $159 million and $153 million as of March 31, 2018 and December 31, 2017, respectively, and are included in other current assets in the accompanying condensed consolidated balance sheets. Substantially all Medicare and Medicaid cost reports are final settled through 2014.

Charity Care

In the ordinary course of business, the Company renders services to patients who were financially unable to pay for hospital care. The Company's policy is to not pursue collections for such amounts; therefore, the related charges for those patients who are financially unable to pay and that otherwise do not qualify for reimbursement from a governmental program are not reported in net operating revenues, and are thus classified as charity care. The Company determines amounts that qualify for charity care primarily based on the patient's household income relative to the federal poverty level guidelines, as established by the federal government.

These charity care services are estimated to be $114 million and $115 million for the three months ended March 31, 2018 and 2017, respectively, representing the value (at the Company's standard charges) of these charity care services that are excluded from net operating revenues. The estimated cost incurred by the Company to provide these charity care services to patients who are unable to pay was approximately $14 million for both of the three-month periods ended March 31, 2018 and 2017. The estimated cost of these charity care services was determined using a ratio of cost to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period.

*Accounting for the Impairment or Disposal of Long-Lived Assets.* During the three months ended March 31, 2018, the Company recorded a total combined impairment charge and loss on disposal of approximately $28 million to reduce the carrying value of certain hospitals that have been deemed held for sale based on the difference between the carrying value of the hospital disposal groups compared to estimated fair value less costs to sell. Included in the carrying value of the hospital disposal groups at March 31, 2018 is a net allocation of approximately $25 million of goodwill allocated from the hospital operations reporting unit goodwill based on a calculation of the disposal groups' relative fair value compared to the total reporting unit. The Company will continue to evaluate the potential for further impairment of the long-lived assets of underperforming hospitals as well as evaluating offers for potential sale. Based on such analysis, additional impairment charges may be recorded in the future.

During the three months ended March 31, 2017, the Company recorded a total impairment charge of approximately $250 million to reduce the carrying value of certain hospitals that were deemed held for sale based on the difference between the carrying value of the hospital disposal groups compared to estimated fair value less costs to sell. Included in the carrying value of the hospital disposal groups is a net allocation of approximately $192 million of goodwill allocated from the hospital operations reporting unit goodwill based on a calculation of the disposal groups' relative fair value compared to the total reporting unit.

*New Accounting Pronouncements*. In January 2016, the FASB issued Accounting Standards Update ("ASU") 2016-01, which amends the measurement, presentation and disclosure requirements for equity investments, other than those accounted for under the equity method or that require consolidation of the investee. The ASU eliminates the classification of equity investments as available-for-sale with any changes in fair value of such investments recognized in other comprehensive income, and requires entities to measure equity investments at fair value, with any changes in fair value recognized in net income. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. To adopt this ASU, companies must record a cumulative-effect adjustment to beginning retained earnings at the beginning of the period of adoption. The Company adopted this ASU on January 1, 2018, and the adoption of this ASU did not have a material impact on its consolidated results of operations or financial position. Upon adoption, the Company recorded a reclassification of $6 million from accumulated other comprehensive loss as a decrease to accumulated deficit.

In February 2016, the FASB issued ASU 2016-02, which amends the accounting for leases, requiring lessees to recognize most leases on their balance sheet with a right-of-use asset and a corresponding lease liability. Leases will be classified as either finance or operating leases, which will impact the expense recognition of such leases over the lease term. The ASU also modifies the lease classification criteria for lessors and eliminates some of the real estate leasing guidance previously applied for certain leasing transactions. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company expects to adopt this ASU on January 1, 2019. Because of the number of leases the Company utilizes to support its operations, the adoption of this ASU is expected to have a significant impact on the Company's consolidated financial position and results of operations. The Company has organized an implementation group of cross-functional departmental management to ensure the completeness of its lease information, analyze the appropriate classification of current leases under the new standard, and develop new processes to execute, approve and classify leases on an ongoing basis. The Company has also engaged outside experts to assist in the development of this plan, as well as the identification and selection of software tools and processes to maintain lease information critical to applying the new standard. Management is currently evaluating the extent of this anticipated impact on the Company's consolidated financial position and results of operations, and the quantitative and qualitative factors that will impact the Company as part of the adoption of this ASU, as well as any changes to its leasing strategy that may occur because of the changes to the accounting and recognition of leases.

In March 2017, the FASB issued ASU 2017-07, which changes the presentation of the components of net periodic benefit cost for sponsors of defined benefit plans for pensions. Under the changes in this ASU, the service cost component of net periodic benefit cost will be reported in the same income statement line as other employee compensation costs arising from services during the reporting period. The other components of net periodic benefit cost will be presented separately in a line item outside of operating income. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Company adopted this ASU on January 1, 2018, and the adoption of this ASU did not have a material impact on the Company's consolidated financial position or results of operations.

In August 2017, the FASB issued ASU 2017-12, which was issued to amend hedge accounting recognition and disclosure requirements to improve transparency and simplify the application of hedge accounting for certain hedging instruments. The amendments in this ASU that will have an impact on the Company include simplification of the periodic hedge effectiveness assessment, elimination of the benchmark interest rate concept for interest rate swaps, and enhancement of the ability to use the critical-terms match method for its cash flow hedges of forecasted interest payments. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company early adopted this ASU on January 1, 2018, and the adoption of this ASU did not have a material impact on the Company's consolidated financial position or results of operations.

In February 2018, the FASB issued ASU 2018-02, which was issued to allow a reclassification from accumulated other comprehensive income to retained earnings for the stranded tax effects in accumulated other comprehensive income resulting from the enactment of the comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") and corresponding accounting treatment recorded in the fourth quarter of 2017. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this ASU is permitted, including adoption in any interim period for reporting periods for which financial statements have not yet been issued. The Company early adopted this ASU on January 1, 2018, and the Company has elected to reclassify $6 million from accumulated other comprehensive loss as a decrease to accumulated deficit for these stranded tax effects. The stranded tax effects included in this adjustment solely relate to the reduction of the federal corporate tax rate as a result of the Tax Act. The Company's accounting policy on releasing the income tax effects of amounts from Accumulated other comprehensive loss has been to apply such amounts on a portfolio basis.

**2. ACCOUNTING FOR STOCK-BASED COMPENSATION**

Stock-based compensation awards have been granted under the Community Health Systems, Inc. Amended and Restated 2000 Stock Option and Award Plan, amended and restated as of March 20, 2013 (the "2000 Plan"), and the Community Health Systems, Inc. Amended and Restated 2009 Stock Option and Award Plan, amended and restated as of March 16, 2016 (the "2009 Plan"). In addition, at the annual meeting of stockholders to be held on May 15, 2018 (the "2018 Annual Meeting"), the Company's stockholders will be voting on whether or not to approve the further amendment and restatement of the 2009 Plan (the "Amended 2009 Plan") which was approved by the Board on March 14, 2018, subject to stockholder approval at the 2018 Annual Meeting.

The 2000 Plan allowed for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code (the "IRC"), as well as stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units and other share awards. Prior to being amended in 2009, the 2000 Plan also allowed for the grant of phantom stock. Persons eligible to receive grants under the 2000 Plan include the Company's directors, officers, employees and consultants. All options granted under the 2000 Plan have been "nonqualified" stock options for tax purposes. Generally, vesting of these granted options occurs in one-third increments on each of the first three anniversaries of the award date. Options granted prior to 2005 have a 10-year contractual term, options granted in 2005 through 2007 have an eight-year contractual term and options granted in 2008 through 2011 have a 10-year contractual term. The Company has not granted stock option awards under the 2000 Plan since 2011. Pursuant to the amendment and restatement of the 2000 Plan dated March 20, 2013, no further grants will be awarded under the 2000 Plan.

The 2009 Plan provides (and, if approved by the Company's stockholders at the 2018 Annual Meeting, the Amended 2009 Plan will provide) for the grant of incentive stock options intended to qualify under Section 422 of the IRC and for the grant of stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units and other share awards. Persons eligible to receive grants under the 2009 Plan include the Company's directors, officers, employees and consultants. To date, all options granted under the 2009 Plan have been "nonqualified" stock options for tax purposes. Generally, vesting of these granted options occurs in one-third increments on each of the first three anniversaries of the award date. Options granted in 2011 or later have a 10-year contractual term. As of March 31, 2018, 1,527,880 shares of unissued common stock were reserved for future grants under the 2009 Plan. In addition, if the Amended 2009 Plan is approved by the Company's stockholders at

the 2018 Annual Meeting, then 7,000,000 additional shares of unissued common stock would be reserved for future grants under the Amended 2009 Plan.

The exercise price of all options granted under the 2000 Plan and the 2009 Plan has been equal to the fair value of the Company's common stock on the option grant date.

The following table reflects the impact of total compensation expense related to stock-based equity plans on the reported operating results for the respective periods (in millions):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Effect on loss from continuing operations before income taxes | $ (4) | $ (9) |
| Effect on net loss | $ (3) | $ (6) |

At March 31, 2018, $21 million of unrecognized stock-based compensation expense related to outstanding unvested restricted stock and restricted stock units (the terms of which are summarized below) was expected to be recognized over a weighted-average period of 24 months. There is no expense to be recognized related to stock options. There were no modifications to awards during the three months ended March 31, 2018 and 2017.

Options outstanding and exercisable under the 2000 Plan and the 2009 Plan as of March 31, 2018, and changes during the three-month period following December 31, 2017, were as follows (in millions, except share and per share data):

| | Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value as of March 31, 2018 |
|---|---|---|---|---|
| Exercisable at December 31, 2017 | 1,115,667 | $ 31.56 | | |
| Granted | - | - | | |
| Exercised | - | - | | |
| Forfeited and cancelled | (383,666) | 32.19 | | |
| Outstanding at March 31, 2018 | 732,001 | $ 31.23 | 2.6 years | $ - |
| Exercisable at March 31, 2018 | 732,001 | $ 31.23 | 2.6 years | $ - |

No stock options were granted during the three months ended March 31, 2018 and 2017. The aggregate intrinsic value (calculated as the number of in-the-money stock options multiplied by the difference between the Company's closing stock price on the last trading day of the reporting period ($3.96) and the exercise price of the respective stock options) in the table above represents the amount that would have been received by the option holders had all option holders exercised their options on March 31, 2018. This amount changes based on the market value of the Company's common stock. There were no options exercised during the three months ended March 31, 2018 and 2017. The aggregate intrinsic value of options vested and expected to vest approximates that of the outstanding options.

The Company has also awarded restricted stock under the 2000 Plan and the 2009 Plan to employees of certain subsidiaries. The restrictions on these shares generally lapse in one-third increments on each of the first three anniversaries of the award date. Certain of the restricted stock awards granted to the Company's senior executives contain a performance objective that must be met in addition to any time-based vesting requirements. If the performance objective is not attained, the awards will be forfeited in their entirety. For such performance-based awards granted prior to 2017, once the performance objective has been attained, restrictions will lapse in one-third increments on each of the first three anniversaries of the award date. For performance-based awards granted beginning in March 2017, the performance objective is measured cumulatively over a three-year period. With respect to these performance-based awards granted beginning in March 2017, if the performance criteria are met at the end of three years, then the restricted stock award will vest in full. Additionally, for these awards, based on the level of achievement for the performance criteria, the number of shares to be

issued in connection with the vesting of the award can be adjusted to decrease or increase the number of shares specified in the original award. Notwithstanding the above-mentioned performance objectives and vesting requirements, the restrictions with respect to restricted stock granted under the 2000 Plan and the 2009 Plan will lapse earlier in the event of death, disability or termination of employment by the Company for any reason other than for cause of the holder of the restricted stock, or change in control of the Company. Restricted stock awards subject to performance standards that have not yet been satisfied are not considered outstanding for purposes of determining earnings per share until the performance objectives have been satisfied.

Restricted stock outstanding under the 2000 Plan and the 2009 Plan as of March 31, 2018, and changes during the three-month period following December 31, 2017, were as follows:

| | Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2017 | 2,643,919 | $ 16.17 |
| Granted | 1,911,000 | 4.58 |
| Vested | (981,326) | 25.73 |
| Forfeited | (88,673) | 13.24 |
| Unvested at March 31, 2018 | 3,484,920 | 7.20 |

Restricted stock units (“RSUs”) have been granted to the Company’s outside directors under the 2000 Plan and the 2009 Plan. On March 1, 2017, each of the Company’s then-serving outside directors who were expected to stand for re-election at the 2017 Annual Meeting of Stockholders received a grant under the 2009 Plan of 18,498 RSUs. On March 1, 2018, each of the Company’s outside directors received a grant under the 2009 Plan of 37,118 RSUs. Each of the 2017 and 2018 grants had a grant date fair value of approximately $170,000. Vesting of these RSUs occurs in one-third increments on each of the first three anniversaries of the award date or upon the director’s earlier cessation of service on the board, other than for cause.

RSUs outstanding under the 2000 Plan and the 2009 Plan as of March 31, 2018, and changes during the three-month period following December 31, 2017, were as follows:

| | Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2017 | 172,078 | $ 12.78 |
| Granted | 296,944 | 4.58 |
| Vested | (71,116) | 15.51 |
| Forfeited | - | - |
| Unvested at March 31, 2018 | 397,906 | 6.17 |

**3. COST OF REVENUE**

Substantially all of the Company’s operating costs and expenses are “cost of revenue” items. Operating costs that could be classified as general and administrative by the Company would include the Company’s corporate office costs at its Franklin, Tennessee office, which were $51 million and $52 million for the three months ended March 31, 2018 and 2017, respectively. Included in these corporate office costs is stock-based compensation of $4 million and $9 million for the three months ended March 31, 2018 and 2017, respectively.

**4. USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements. Actual results could differ from these estimates under different assumptions or conditions.

## 5. ACQUISITIONS AND DIVESTITURES

***Acquisitions***

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed and any noncontrolling interests has been obtained, limited to one year from the acquisition date) are recorded when identified. Goodwill is determined as the excess of the fair value of the consideration conveyed in the acquisition over the fair value of the net assets acquired.

During the three months ended March 31, 2018, one or more subsidiaries of the Company paid approximately $8 million to acquire the operating assets and related businesses of certain physician practices, clinics and other ancillary businesses that operate within the communities served by the Company’s affiliated hospitals. In connection with these acquisitions, during the three months ended March 31, 2018, the Company allocated approximately $2 million of the consideration paid to property and equipment and net working capital and the remainder, approximately $6 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. No hospitals were acquired in 2017 or during the three months ended March 31, 2018.

Acquisition and integration expenses related to prospective and closed acquisitions included in other operating expenses on the condensed consolidated statements of loss was less than $1 million during both of the three-month periods ended March 31, 2018 and 2017.

***Divestitures***

During the three months ended March 31, 2018, the Company did not complete any divestitures. The following table provides a summary of hospitals included in continuing operations that the Company divested during the year ended December 31, 2017:

| Hospital | Buyer | City, State | Licensed Beds | Effective Date |
|---|---|---|---|---|
| *2017 Divestitures:* | | | | |
| Highlands Regional Medical Center | HCA Holdings, Inc. (“HCA”) | Sebring, FL | 126 | November 1, 2017 |
| Merit Health Northwest Mississippi | Curae Health, Inc. | Clarksdale, MS | 181 | November 1, 2017 |
| Weatherford Regional Medical Center | HCA | Weatherford, TX | 103 | October 1, 2017 |
| Brandywine Hospital | Reading Health System | Coatesville, PA | 169 | October 1, 2017 |
| Chestnut Hill Hospital | Reading Health System | Philadelphia, PA | 148 | October 1, 2017 |
| Jennersville Hospital | Reading Health System | West Grove, PA | 63 | October 1, 2017 |
| Phoenixville Hospital | Reading Health System | Phoenixville, PA | 151 | October 1, 2017 |
| Pottstown Memorial Medical Center | Reading Health System | Pottstown, PA | 232 | October 1, 2017 |
| Yakima Regional Medical and Cardiac Center | Regional Health | Yakima, WA | 214 | September 1, 2017 |
| Toppenish Community Hospital | Regional Health | Toppenish, WA | 63 | September 1, 2017 |
| Memorial Hospital of York | PinnacleHealth System | York, PA | 100 | July 1, 2017 |
| Lancaster Regional Medical Center | PinnacleHealth System | Lancaster, PA | 214 | July 1, 2017 |
| Heart of Lancaster Regional Medical Center | PinnacleHealth System | Lititz, PA | 148 | July 1, 2017 |
| Carlisle Regional Medical Center | PinnacleHealth System | Carlisle, PA | 165 | July 1, 2017 |
| Tomball Regional Medical Center | HCA | Tomball, TX | 350 | July 1, 2017 |
| South Texas Regional Medical Center | HCA | Jourdanton, TX | 67 | July 1, 2017 |
| Deaconess Hospital | MultiCare Health System | Spokane, WA | 388 | July 1, 2017 |
| Valley Hospital | MultiCare Health System | Spokane Valley, WA | 123 | July 1, 2017 |
| Lake Area Medical Center | CHRISTUS Health | Lake Charles, LA | 88 | June 30, 2017 |
| Easton Hospital | Steward Health, Inc. | Easton, PA | 196 | May 1, 2017 |
| Sharon Regional Health System | Steward Health, Inc. | Sharon, PA | 258 | May 1, 2017 |
| Northside Medical Center | Steward Health, Inc. | Youngstown, OH | 355 | May 1, 2017 |
| Trumbull Memorial Hospital | Steward Health, Inc. | Warren, OH | 311 | May 1, 2017 |
| Hillside Rehabilitation Hospital | Steward Health, Inc. | Warren, OH | 69 | May 1, 2017 |
| Wuesthoff Health System – Rockledge | Steward Health, Inc. | Rockledge, FL | 298 | May 1, 2017 |
| Wuesthoff Health System – Melbourne | Steward Health, Inc. | Melbourne, FL | 119 | May 1, 2017 |
| Sebastian River Medical Center | Steward Health, Inc. | Sebastian, FL | 154 | May 1, 2017 |
| Stringfellow Memorial Hospital | The Health Care Authority of the City of Anniston | Anniston, AL | 125 | May 1, 2017 |
| Merit Health Gilmore Memorial | Curae Health, Inc. | Amory, MS | 95 | May 1, 2017 |
| Merit Health Batesville | Curae Health, Inc. | Batesville, MS | 112 | May 1, 2017 |

A discontinued operation in U.S. GAAP is a disposal that represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. Additional disclosures are required for significant components of the entity that are disposed of or are held for sale but do not qualify as discontinued operations. The divestitures above do not meet the criteria for reporting as discontinued operations and are included in continuing operations for the three months ended March 31, 2018 and 2017.

On May 1, 2017, one or more subsidiaries of the Company sold AllianceHealth Pryor (52 licensed beds) in Pryor, Oklahoma, and its associated assets to Ardent Health Services Inc. for approximately $1 million in cash. This hospital has been reported in the condensed consolidated statements of loss in discontinued operations.

Net operating revenues and loss from discontinued operations reported for the three months ended March 31, 2017 are as follows (in millions):

| | Three Months Ended March 31, 2017 |
|---|---|
| Net operating revenues | $ 25 |
| Loss from operations of entities sold or held for sale before income taxes | (2) |
| Impairment of hospitals sold or held for sale | - |
| Loss on sale, net | - |
| Loss from discontinued operations, before taxes | (2) |
| Income tax benefit | (1) |
| Loss from discontinued operations, net of taxes | $ (1) |

The following table discloses amounts included in the condensed consolidated balance sheet for the hospitals classified as held for sale as of March 31, 2018 and December 31, 2017 (in millions):

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Other current assets | $ 16 | $ 8 |
| Other assets, net | 66 | 12 |
| Accrued liabilities | 5 | 2 |

**6. INCOME TAXES**

The total amount of unrecognized benefit that would impact the effective tax rate, if recognized, was approximately $7 million as of March 31, 2018. A total of approximately $4 million of interest and penalties is included in the amount of the liability for uncertain tax positions at March 31, 2018. It is the Company's policy to recognize interest and penalties related to unrecognized benefits in its condensed consolidated statements of loss as income tax expense.

It is possible the amount of unrecognized tax benefit could change in the next 12 months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, the Company does not anticipate the change will have a material impact on the Company's condensed consolidated results of operations or condensed consolidated financial position.

The Company, or one of its subsidiaries, files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to state income tax examinations for years prior to 2014. The Company's federal income tax returns for the 2009, 2010, 2014 and 2015 tax years are currently under examination by the Internal Revenue Service. The Company believes the results of these examinations will not be material to its consolidated results of operations or consolidated financial position. The Company has extended the federal statute of limitations through December 31, 2018 for Community Health Systems, Inc. for the tax periods ended December 31, 2007, 2008, 2009 and 2010, and through September 6, 2019 for the tax period ended December 31, 2014.

The Company's effective tax rates were 53.8% and 0.1% for the three months ended March 31, 2018 and 2017, respectively. This increase in the Company's effective tax rate for the three months ended March 31, 2018, when compared to the three months ended March 31, 2017, was primarily due to the release of a state valuation allowance of approximately $15 million as a result of an enacted tax law change partially offset by approximately $4 million of tax expense recognized on the tax deficiency from stock compensation expense for restricted stock vesting during the three months ended March 31, 2018. Additionally, the rate was impacted by a reduction in the amount of the non-deductible goodwill written off as part of the impairment and gain (loss) on sale of businesses for the three months ended March 31, 2018, compared to the three months ended March 31, 2017, and a disproportionate substantial increase in income from continuing operations before income taxes, when compared to the decrease in net income attributable to noncontrolling interest for those same periods, which is not tax affected in the Company's condensed consolidated financial statements.

Cash paid for income taxes, net of refunds received, resulted in a net refund of less than $1 million and net cash paid of less than $1 million during the three months ended March 31, 2018 and 2017, respectively.

On December 22, 2017, the U.S. government enacted the Tax Act, which makes broad and complex changes to the U.S. tax code which impacted 2017, including a permanent reduction in the U.S. federal corporate tax rate from 35% to 21% ("Rate Reduction").

The Tax Act also puts into place new tax laws that will apply prospectively, which include, but are not limited to (1) creating a new limitation on deductible interest expense; (2) changing rules related to uses and limitations of net operating loss carryforwards: and (3) modifying the rules governing the deductibility of certain executive compensation.

In December 2017, the SEC staff issued Staff Accounting Bulletin ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act's enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

The Company has not completed the accounting for the income tax effects of the Tax Act. At December 31, 2017, the Company recorded a discrete net tax expense of $32 million primarily related to provisional amounts under SAB 118 for the remeasurement of U.S. deferred tax assets and liabilities due to Rate Reduction. No changes were recorded to this provisional estimate during the three months ended March 31, 2018. However, this estimate may differ from the final accounting as supplemental legislation, regulatory guidance or evolving technical interpretations become available.

At March 31, 2018, the Company was not able to reasonably estimate and, therefore, has not recorded a provisional amount for the Tax Act's impact on certain state valuation allowances. The Company will record a provisional amount in the first reporting period in which a reasonable estimate can be determined. Such timing will depend upon the Company's ability to obtain, prepare and analyze the necessary information to determine whether a valuation allowance needs to be recognized.

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

***Goodwill***

The changes in the carrying amount of goodwill for the three months ended March 31, 2018 are as follows (in millions):

| | |
|---|---|
| Balance as of December 31, 2017 | |
| Goodwill | $ 7,537 |
| Accumulated impairment losses | (2,814) |
| | 4,723 |
| Goodwill acquired as part of acquisitions during current year | 6 |
| Goodwill allocated to hospitals held for sale | (25) |
| Balance as of March 31, 2018 | |
| Goodwill | 7,518 |
| Accumulated impairment losses | (2,814) |
| | $ 4,704 |

Goodwill is allocated to each identified reporting unit, which is defined as an operating segment or one level below the operating segment (referred to as a component of the entity). Management has determined that the Company's operating segments meet the criteria to be classified as reporting units. At March 31, 2018, the Company had approximately $4.7 billion of goodwill recorded.

Goodwill is evaluated for impairment annually and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. During 2017, the Company adopted ASU 2017-04, which allows a company to record a goodwill impairment when the reporting unit's carrying value exceeds the fair value determined in step one. Previously, the Company performed its annual goodwill evaluation during the fourth quarter as of September 30, 2017, with an updated evaluation as of November 30, 2017 due to the identification of certain impairment indicators. With the elimination of the

time-intensive step two calculation to determine the implied value of goodwill, the Company has considered the additional benefits of performing the annual goodwill evaluation later in the fourth quarter to coincide with the timing of the next fiscal year's budgeting and financial projection process. Based on these considerations, the Company has elected to change the annual goodwill impairment measurement date to October 31. The next annual goodwill evaluation will be performed during the fourth quarter of 2018 with an October 31, 2018 measurement date, or sooner if the Company identifies certain indicators of impairment.

The Company estimates the fair value of the related reporting units using both a discounted cash flow model as well as a market multiple model. The cash flow forecasts are adjusted by an appropriate discount rate based on the Company's estimate of a market participant's weighted-average cost of capital. These models are both based on the Company's best estimate of future revenues and operating costs and are reconciled to the Company's consolidated market capitalization, with consideration of the amount a potential acquirer would be required to pay, in the form of a control premium, in order to gain sufficient ownership to set policies, direct operations and control management decisions.

During the three months ended December 31, 2017, the Company identified certain indicators of impairment occurring following its annual goodwill evaluation that required an interim goodwill impairment evaluation, which was performed as of November 30, 2017. Those indicators were primarily a further decline in the Company's market capitalization and fair value of the Company's long-term debt during November 2017. The Company performed an estimated calculation of fair value in step one of the impairment test at November 30, 2017, which indicated that the carrying value of the hospital operations reporting unit exceeded its fair value. As a result of this evaluation and the early adoption of ASU 2017-04, the Company recorded a non-cash impairment charge of $1.419 billion to goodwill during the three months ended December 31, 2017.

The reduction in the Company's fair value and the resulting goodwill impairment charge recorded during 2017 reduced the carrying value of the Company's hospital operations reporting unit to an amount equal to its estimated fair value. This increases the risk that future declines in fair value could result in goodwill impairment. The determination of fair value in the Company's goodwill impairment analysis is based on an estimate of fair value for each reporting unit utilizing known and estimated inputs at the evaluation date. Some of those inputs include, but are not limited to, the most recent price of the Company's common stock or fair value of long-term debt, estimates of future revenue and expense growth, estimated market multiples, expected capital expenditures, income tax rates, and costs of invested capital. Future estimates of fair value could be adversely affected if the actual outcome of one or more of these assumptions changes materially in the future, including further decline in the Company's stock price or fair value of long-term debt, lower than expected hospital volumes, higher market interest rates or increased operating costs. Such changes impacting the calculation of fair value could result in a material impairment charge in the future.

The determination of fair value of the Company's hospital operations reporting unit as part of its goodwill impairment measurement represents a Level 3 fair value measurement in the fair value hierarchy due to its use of internal projections and unobservable measurement inputs.

These impairment charges do not have an impact on the calculation of the Company's financial covenants under the Company's Credit Facility.

***Intangible Assets***

No intangible assets other than goodwill were acquired during the three months ended March 31, 2018. The gross carrying amount of the Company's other intangible assets subject to amortization was $18 million at both March 31, 2018 and December 31, 2017, and the net carrying amount was $10 million at both March 31, 2018 and December 31, 2017. The carrying amount of the Company's other intangible assets not subject to amortization was $77 million and $79 million at March 31, 2018 and December 31, 2017, respectively. Other intangible assets are included in other assets, net on the Company's condensed consolidated balance sheets. Substantially all of the Company's intangible assets are contract-based intangible assets related to operating licenses, management contracts, tradenames, or non-compete agreements entered into in connection with prior acquisitions.

The weighted-average remaining amortization period for the intangible assets subject to amortization is approximately six years. There are no expected residual values related to these intangible assets. Amortization expense on these intangible assets was less than $1 million and $2 million during the three months ended March 31, 2018 and 2017, respectively. Amortization expense on intangible assets is estimated to be $2 million for the remainder of 2018, $2 million in 2019, $1 million in 2020, $1 million in 2021, $1 million in 2022, $1 million in 2023 and $2 million thereafter.

The gross carrying amount of capitalized software for internal use was approximately $1.2 billion at March 31, 2018 and December 31, 2017, and the net carrying amount was approximately $404 million and $416 million at March 31, 2018 and December 31, 2017, respectively. The estimated amortization period for capitalized internal-use software is generally three years, except for capitalized costs related to significant system conversions, which is generally eight to ten years. There is no expected residual value for capitalized internal-use software. At March 31, 2018, there was approximately $37 million of capitalized costs for internal-use software that is currently in the development stage and will begin amortization once the software project is complete and ready for its intended use. Amortization expense on capitalized internal-use software was $36 million and $49 million during the three months ended March 31, 2018 and 2017, respectively. Amortization expense on capitalized internal-use software is estimated to be $114 million for the remainder of 2018, $108 million in 2019, $74 million in 2020, $48 million in 2021, $33 million in 2022, $17 million in 2023 and $10 million thereafter.

## 8. EARNINGS PER SHARE

The following table sets forth the components of the numerator and denominator for the computation of basic and diluted (loss) earnings per share for loss from continuing operations, discontinued operations and net loss attributable to Community Health Systems, Inc. common stockholders (in millions, except share data):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Numerator: | | |
| Loss from continuing operations, net of taxes | $ (6) | $ (176) |
| Less: Income from continuing operations attributable to noncontrolling interests, net of taxes | 19 | 22 |
| Loss from continuing operations attributable to Community Health Systems, Inc. common stockholders — basic and diluted | $ (25) | $ (198) |
| | | |
| Loss from discontinued operations, net of taxes | $ - | $ (1) |
| Less: Loss from discontinued operations attributable to noncontrolling interests, net of taxes | - | - |
| Loss from discontinued operations attributable to Community Health Systems, Inc. common stockholders — basic and diluted | $ - | $ (1) |
| Denominator: | | |
| Weighted-average number of shares outstanding — basic | 112,291,496 | 111,252,331 |
| Effect of dilutive securities: | | |
| Restricted stock awards | - | - |
| Employee stock options | - | - |
| Other equity-based awards | - | - |
| Weighted-average number of shares outstanding — diluted | 112,291,496 | 111,252,331 |

The Company generated a loss from continuing operations attributable to Community Health Systems, Inc. common stockholders for the three months ended March 31, 2018 and 2017, so the effect of dilutive securities is not considered because their effect would be antidilutive. If the Company had generated income from continuing operations, the effect of restricted stock awards on the diluted shares calculation would have been an increase of 73,361 shares and 78,773 shares during the three months ended March 31, 2018 and 2017, respectively.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Dilutive securities outstanding not included in the computation of earnings per share because their effect is antidilutive: | | |
| Employee stock options and restricted stock awards | 1,920,349 | 3,507,729 |

**9. STOCKHOLDERS' DEFICIT**

Authorized capital shares of the Company include 400,000,000 shares of capital stock consisting of 300,000,000 shares of common stock and 100,000,000 shares of preferred stock. Each of the aforementioned classes of capital stock has a par value of $0.01 per share. Shares of preferred stock, none of which were outstanding as of March 31, 2018, may be issued in one or more series having such rights, preferences and other provisions as determined by the Board of Directors without approval by the holders of common stock.

On November 6, 2015, the Company adopted an open market repurchase program for up to 10,000,000 shares of the Company's common stock, not to exceed $300 million in repurchases. The repurchase program will expire on the earlier of November 5, 2018, when the maximum number of shares has been repurchased, or when the maximum dollar amount has been expended. During the year ended December 31, 2015, the Company repurchased and retired 532,188 shares at a weighted-average price of $27.31 per share, which is the cumulative number of shares repurchased and retired under this program. No shares were repurchased under this program during the years ended December 31, 2016 and 2017. In addition, no shares were repurchased under this program during the three months ended March 31, 2018.

The Company is a holding company which operates through its subsidiaries. The Company's Credit Facility and the indentures governing the senior and senior secured notes contain various covenants under which the assets of the subsidiaries of the Company are subject to certain restrictions relating to, among other matters, dividends and distributions, as referenced in the paragraph below.

With the exception of a special cash dividend of $0.25 per share paid by the Company in December 2012, historically, the Company has not paid any cash dividends. Subject to certain exceptions, the Company's Credit Facility limits the ability of the Company's subsidiaries to pay dividends and make distributions to the Company, and limits the Company's ability to pay dividends and/or repurchase stock, to an amount not to exceed $200 million in the aggregate plus an additional $25 million in any particular year plus the aggregate amount of proceeds from the exercise of stock options. The indentures governing the senior and senior secured notes also restrict the Company's subsidiaries from, among other matters, paying dividends and making distributions to the Company, which thereby limits the Company's ability to pay dividends and/or repurchase stock. As of March 31, 2018, under the most restrictive test in these agreements (and subject to certain exceptions), the Company has approximately $318 million remaining available with which to pay permitted dividends and/or repurchase shares of stock or its senior and senior secured notes.

The following schedule presents the reconciliation of the carrying amount of total equity, equity attributable to the Company, and equity attributable to the noncontrolling interests for the three-month period ended March 31, 2018 (in millions):

| | | Community Health Systems, Inc. Stockholders | | | | | |
|---|---|---|---|---|---|---|---|
| | Redeemable Noncontrolling Interest | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Noncontrolling Interest | Total Stockholders' Deficit |
| **Balance, December 31, 2017** | $ 527 | $ 1 | $ 2,014 | $ (21) | $ (2,761) | $ 75 | $ (692) |
| Comprehensive income (loss) | 13 | - | - | 17 | (25) | 6 | (2) |
| Adoption of new accounting standards | - | - | - | (12) | 12 | - | - |
| Distributions to noncontrolling interests | (17) | - | - | - | - | (6) | (6) |
| Purchase of subsidiary shares from noncontrolling interests | (1) | - | (2) | - | - | - | (2) |
| Other reclassifications of noncontrolling interests | 1 | - | - | - | - | (1) | (1) |
| Cancellation of restricted stock for tax withholdings on vested shares | - | - | (2) | - | - | - | (2) |
| Share-based compensation | - | - | 4 | - | - | - | 4 |
| **Balance, March 31, 2018** | $ 523 | $ 1 | $ 2,014 | $ (16) | $ (2,774) | $ 74 | $ (701) |

The following schedule discloses the effects of changes in the Company's ownership interest in its less-than-wholly-owned subsidiaries on Community Health Systems, Inc. stockholders' deficit (in millions):

| | Three Months Ended March 31, 2018 |
|---|---|
| Net loss attributable to Community Health Systems, Inc. stockholders | $ (25) |
| Transfers from the noncontrolling interests: | |
| Net decrease in Community Health Systems, Inc. paid-in-capital for purchase of subsidiary partnership interests | (2) |
| Net transfers from the noncontrolling interests | (2) |
| Change to Community Health Systems, Inc. stockholders' deficit from net loss attributable to Community Health Systems, Inc. stockholders and transfers to noncontrolling interests | $ (27) |

## 10. LONG-TERM DEBT

Long-term debt, net of unamortized debt issuance costs and discounts or premiums, consists of the following (in millions):

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Credit Facility: | | |
| Term G Loan | $ 1,037 | $ 1,037 |
| Term H Loan | 1,903 | 1,903 |
| 8% Senior Notes due 2019 | 1,925 | 1,925 |
| 7 ⅛% Senior Notes due 2020 | 1,200 | 1,200 |
| 5 ⅛% Senior Secured Notes due 2021 | 1,000 | 1,000 |
| 6 ⅞% Senior Notes due 2022 | 3,000 | 3,000 |
| 6 ¼% Senior Secured Notes due 2023 | 3,100 | 3,100 |
| Receivables Facility | 538 | 565 |
| Capital lease obligations | 301 | 304 |
| Other | 52 | 48 |
| Less: Unamortized deferred debt issuance costs and note premium | (164) | (169) |
| Total debt | 13,892 | 13,913 |
| Less: Current maturities | (37) | (33) |
| Total long-term debt | $ 13,855 | $ 13,880 |

***Credit Facility***

The Company's wholly-owned subsidiary, CHS/Community Health Systems, Inc. ("CHS"), has senior secured financing under a credit facility with a syndicate of financial institutions led by Credit Suisse, as administrative agent and collateral agent (the "Credit Facility"), which at December 31, 2017 included (i) a revolving credit facility with commitments through January 27, 2019 of approximately $929 million, of which a $739 million portion represented extended commitments maturing January 27, 2021 (the "Revolving Facility"), (ii) a Term G facility due 2019 (the "Term G Facility"), and (iii) a Term H facility due 2021 (the "Term H Facility). The Revolving Facility includes a subfacility for letters of credit.

The loans under the Credit Facility bear interest on the outstanding unpaid principal amount at a rate equal to an applicable percentage plus, at CHS' option, either (a) an Alternate Base Rate (as defined) determined by reference to the greater of (1) the Prime Rate (as defined) announced by Credit Suisse or (2) the NYFRB Rate (as defined) plus 0.50% or (3) the adjusted London Interbank Offered Rate ("LIBOR") on such day for a three-month interest period commencing on the second business day after such day plus 1% or (b) LIBOR. In addition, the margin in respect of the Revolving Facility will be subject to adjustment determined by reference to a leverage-based pricing grid. Loans in respect of the Revolving Facility currently accrue interest at a rate per annum equal to LIBOR plus 2.50%, in the case of LIBOR borrowings, and Alternate Base Rate plus 1.50%, in the case of Alternate Base Rate borrowings. Prior to the Credit Facility amendment discussed below, the Term G Loan and Term H Loan accrued interest at a rate per annum equal to LIBOR plus 2.75% and 3.00%, respectively, in the case of LIBOR borrowings, and Alternate Base Rate plus 1.75% and 2.00%, respectively, in the case of Alternate Base Rate borrowings. The Term G Loan and the Term H Loan are subject to a 1.00% LIBOR floor and a 2.00% Alternate Base Rate floor.

Under the Term H Facility, CHS is required to make amortization payments in aggregate amounts equal to 1% of the original principal amount of the Term H Facility each year. After December 31, 2016, no additional amortization payments were required to be made under the Term G Facility.

The term loan facility must be prepaid in an amount equal to (1) 100% of the net cash proceeds of certain asset sales and dispositions by the Company and its subsidiaries, subject to certain exceptions and reinvestment rights (as further described below), (2) 100% of the net cash proceeds of issuances of certain debt obligations or receivables-based financing by the Company and its subsidiaries, subject to certain exceptions, and (3) 75%, subject to reduction to a lower percentage based on the Company's first lien net leverage ratio (as defined in the Credit Facility generally as the ratio of first lien net debt on the date of determination to the Company's consolidated EBITDA, as defined, for the four quarters most recently ended prior to such date), of excess cash flow (as

defined) for any year, subject to certain exceptions. Voluntary prepayments and commitment reductions are permitted in whole or in part, without any premium or penalty, subject to minimum prepayment or reduction requirements.

The borrower under the Credit Facility is CHS. All of the obligations under the Credit Facility are unconditionally guaranteed by the Company and certain of its existing and subsequently acquired or organized domestic subsidiaries. All obligations under the Credit Facility and the related guarantees are secured by a perfected first priority lien or security interest in substantially all of the assets of the Company, CHS and each subsidiary guarantor, including equity interests held by the Company, CHS or any subsidiary guarantor, but excluding, among others, the equity interests of non-significant subsidiaries, syndication subsidiaries, securitization subsidiaries and joint venture subsidiaries, and subject to the ABL Facility as described in Note 15. Such assets constitute substantially the same assets, subject to certain exceptions, that secure CHS' obligations under the 2021 Senior Secured Notes (as defined below) and the 6 ¼% Senior Secured Notes.

CHS has agreed to pay letter of credit fees equal to the applicable percentage then in effect with respect to LIBOR borrowings under the Revolving Facility times the maximum aggregate amount available to be drawn under all letters of credit outstanding under the subfacility for letters of credit. The issuer of any letter of credit issued under the subfacility for letters of credit will also receive a customary fronting fee and other customary processing charges. CHS is obligated to pay commitment fees of 0.50% per annum (subject to adjustment based upon the Company's leverage ratio) on the unused portion of the Revolving Facility.

The Credit Facility contains customary representations and warranties, subject to limitations and exceptions, and customary covenants restricting the Company's and its subsidiaries' ability, subject to certain exceptions, to, among other things (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments and enter into acquisitions and joint ventures, (5) incur additional indebtedness or provide certain guarantees, (6) make capital expenditures, (7) engage in mergers, acquisitions and asset sales, (8) conduct transactions with affiliates, (9) alter the nature of the Company's businesses, (10) grant certain guarantees with respect to physician practices, (11) engage in sale and leaseback transactions or (12) change the Company's fiscal year. The Company is also required to comply with specified financial covenants (consisting of a first lien net debt to consolidated EBITDA leverage ratio) and various affirmative covenants. Under the Credit Facility, the first lien net debt to consolidated EBITDA ratio is calculated as the ratio of total first lien debt, less unrestricted cash and cash equivalents, to consolidated EBITDA, as defined in the Credit Facility. The calculation of consolidated EBITDA as defined in the Credit Facility is a trailing 12-month calculation that begins with net income attributable to the Company, with certain pro forma adjustments to consider the impact of material acquisitions or divestitures, and adjustments for interest, taxes, depreciation and amortization, net income attributable to noncontrolling interests, stock compensation expense, restructuring costs, and the financial impact of other non-cash or non-recurring items recorded during any such 12-month period. For the 12-month period ended March 31, 2018, the first lien net debt to consolidated EBITDA ratio financial covenant under the Credit Facility limited the ratio of first lien net debt to consolidated EBITDA, as defined, to less than or equal to 5.25 to 1.00. The Company was in compliance with all such covenants at March 31, 2018, with a first lien net debt to consolidated EBITDA ratio of approximately 4.47 to 1.00.

Events of default under the Credit Facility include, but are not limited to, (1) CHS' failure to pay principal, interest, fees or other amounts under the credit agreement when due (taking into account any applicable grace period), (2) any representation or warranty proving to have been materially incorrect when made, (3) covenant defaults subject, with respect to certain covenants, to an available cure, (4) bankruptcy and insolvency events, (5) a cross default to certain other debt, (6) certain undischarged judgments (not paid within an applicable grace period), (7) a change of control (as defined), (8) certain ERISA-related defaults and (9) the invalidity or impairment of specified security interests, guarantees or subordination provisions in favor of the administrative agent or lenders under the Credit Facility.

As of March 31, 2018, the availability for additional borrowings under the Credit Facility, subject to certain limitations as set forth in the Credit Facility, was approximately $650 million pursuant to the Revolving Facility, of which $57 million is in the form of outstanding letters of credit. CHS has the ability to amend the Credit Facility to provide for one or more tranches of term loans or increases in the Revolving Facility in an aggregate principal amount of up to $1.5 billion, only $1.0 billion of which is effectively available because of the Company's additional undertakings in connection with the Loan Modification Agreement. As of March 31, 2018, the weighted-average interest rate under the Credit Facility, excluding swaps, was 5.6%.

2018 Financing Activity

On February 26, 2018, the Credit Facility was amended, with requisite revolving lender approval, to remove the consolidated EBITDA to interest expense ratio financial covenant, to replace the senior secured net debt to consolidated EBITDA ratio financial covenant with a first lien net debt to consolidated EBITDA ratio financial covenant, and to reduce the extended revolving credit commitments to $650 million (for a total of $840 million in revolving credit commitments when combined with the non-extended portion of the revolving credit facility). The new financial covenant provides for a maximum first lien net debt to consolidated EBITDA ratio of 5.25 to 1.0, reducing to 5.0 to 1.0 on July 1, 2018, 4.75 to 1.0 on January 1, 2019, 4.5 to 1.0 on January 1, 2020 and 4.25 to 1.0 on July 1, 2020. In addition, the Company agreed pursuant to the amendment to modify its ability to retain asset sale proceeds, and instead to apply them to prepayments of term loans based on pro forma first lien leverage. To the extent the pro forma ratio of first lien net debt to consolidated EBITDA is greater than or equal to 4.5 to 1.0, 100% of net cash proceeds of asset sales will be applied to prepay term loans; to the extent the pro forma first lien leverage ratio is less than 4.5 to 1.0 but greater than or equal to 4.0 to 1.0, 50% of such proceeds will be applied to prepay term loans; and to the extent the first lien leverage ratio is less than 4.0 to 1.0, there will be no requirement to prepay term loans with such proceeds. These ratios will be determined on a pro forma basis giving appropriate effect to the relevant asset sales and corresponding prepayments of term loans.

On March 23, 2018, the Company and CHS entered into the Fourth Amendment and Restatement Agreement to the Credit Facility (the “Agreement”). In addition to including the changes described in the paragraph above, the Agreement amended the Credit Facility to permit CHS to incur debt under either an Asset-Based Loan (“ABL”) facility in an amount up to $1.0 billion or maintain its Asset-Backed Securitization program. The Revolving Facility would be reduced to $425 million upon the effectiveness of the contemplated ABL facility. The Agreement also reduced the availability for incremental tranches of term loans or increases in the Revolving Facility to $500 million and removed the secured net leverage incurrence test with respect to junior secured debt. Term G Loans will accrue interest at a rate per annum initially equal to LIBOR plus 3.00%, in the case of LIBOR borrowings, and Alternate Base Rate plus 2.00%, in the case of Alternate Base Rate borrowing. Term H Loans will accrue interest at a rate per annum initially equal to LIBOR plus 3.25%, in the case of LIBOR borrowings, and Alternate Base Rate plus 2.25%, in the case of Alternate Base Rate borrowing.

***8% Senior Notes due 2019***

On November 22, 2011, CHS completed a private offering of $1.0 billion aggregate principal amount of 8% Senior Notes due 2019 (the “8% Senior Notes”). The net proceeds from this issuance, together with available cash on hand, were used to finance the purchase of up to $1.0 billion aggregate principal amount of CHS’ then outstanding 8 7⁄8% Senior Notes due 2015 and related fees and expenses. On March 21, 2012, CHS completed an offering of an additional $1.0 billion aggregate principal amount of 8% Senior Notes, which were issued in a private placement (at a premium of 102.5%). The net proceeds from this issuance were used to finance the purchase of approximately $850 million aggregate principal amount of CHS’ then outstanding 8 7⁄8% Senior Notes due 2015, to pay related fees and expenses and for general corporate purposes. The 8% Senior Notes bear interest at 8% per annum, payable semiannually in arrears on May 15 and November 15. Interest on the 8% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

CHS is entitled, at its option, to redeem all or a portion of the 8% Senior Notes upon not less than 30 nor more than 60 days’ notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

| Period | Redemption Price |
|---|---|
| November 15, 2017 to November 14, 2019 | 100.000% |

Pursuant to a registration rights agreement entered into at the time of the issuance of the 8% Senior Notes, as a result of an exchange offer made by CHS, substantially all of the 8% Senior Notes issued in November 2011 and March 2012 were exchanged in May 2012 for new notes (the “8% Exchange Notes”) having terms substantially identical in all material respects to the 8% Senior Notes (except that the 8% Exchange Notes were issued under a registration statement pursuant to the Securities Act of 1933, as amended (the “1933 Act”)). References to the 8% Senior Notes shall also be deemed to include the 8% Exchange Notes unless the context provides otherwise.

***7 ⅛% Senior Notes due 2020***

On July 18, 2012, CHS completed a public offering of 7 ⅛% Senior Notes due 2020 (the "7 ⅛% Senior Notes"). The net proceeds from this issuance were used to finance the purchase or redemption of $934 million aggregate principal amount of CHS' then outstanding 8 ⅞% Senior Notes due 2015, to pay for consents delivered in connection with a related tender offer, to pay related fees and expenses, and for general corporate purposes. The 7 ⅛% Senior Notes bear interest at 7.125% per annum, payable semiannually in arrears on July 15 and January 15. Interest on the 7 ⅛% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

CHS is entitled, at its option, to redeem all or a portion of the 7 ⅛% Senior Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

| Period | Redemption Price |
|---|---|
| July 15, 2017 to July 14, 2018 | 101.781% |
| July 15, 2018 to July 14, 2020 | 100.000% |

***5 ⅛% Senior Secured Notes due 2021***

On January 27, 2014, CHS completed a private offering of $1.0 billion aggregate principal amount of 5 ⅛% Senior Secured Notes due 2021 (the "2021 Senior Secured Notes"). The net proceeds from this issuance were used to finance the HMA merger. The 2021 Senior Secured Notes bear interest at 5.125% per annum, payable semiannually in arrears on February 1 and August 1. Interest on the 2021 Senior Secured Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. The 2021 Senior Secured Notes are secured by a first-priority lien, subject to a shared lien of equal priority with certain other obligations, including obligations under the Credit Facility and the 6 ¼% Senior Secured Notes, and subject to prior ranking liens permitted by the indenture governing the 2021 Senior Secured Notes, on substantially the same assets, subject to certain exceptions, that secure CHS' obligations under the Credit Facility and the 6 ¼% Senior Secured Notes.

CHS is entitled, at its option, to redeem all or a portion of the 2021 Senior Secured Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

| Period | Redemption Price |
|---|---|
| February 1, 2018 to January 31, 2019 | 102.563% |
| February 1, 2019 to January 31, 2020 | 101.281% |
| February 1, 2020 to January 31, 2021 | 100.000% |

Pursuant to a registration rights agreement entered into at the time of the issuance of the 2021 Senior Secured Notes, as a result of an exchange offer made by CHS, all of the 2021 Senior Secured Notes issued in January 2014 were exchanged in October 2014 for new notes (the "2021 Exchange Notes") having terms substantially identical in all material respects to the 2021 Senior Secured Notes (except that the exchange notes were issued under a registration statement pursuant to the 1933 Act). References to the 2021 Senior Secured Notes shall be deemed to be the 2021 Exchange Notes unless the context provides otherwise.

***6 ⅞% Senior Notes due 2022***

On January 27, 2014, CHS completed a private offering of $3.0 billion aggregate principal amount of 6 ⅞% Senior Notes due 2022 (the "6 ⅞% Senior Notes"). The net proceeds from this issuance were used to finance the HMA merger. The 6 ⅞% Senior Notes bear interest at 6.875% per annum, payable semiannually in arrears on February 1 and August 1. Interest on the 6 ⅞% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

Prior to February 1, 2018, CHS may redeem some or all of the 6 ⅞% Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the indenture governing the 6 ⅞% Senior Notes. After February 1, 2018, CHS is entitled, at its option, to redeem all or a portion of the

6 7/8% Senior Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

| Period | Redemption Price |
|---|---|
| February 1, 2018 to January 31, 2019 | 103.438% |
| February 1, 2019 to January 31, 2020 | 101.719% |
| February 1, 2020 to January 31, 2022 | 100.000% |

Pursuant to a registration rights agreement entered into at the time of the issuance of the 6 7/8% Senior Notes, as a result of an exchange offer made by CHS, all of the 6 7/8% Senior Notes issued in January 2014 were exchanged in October 2014 for new notes (the "6 7/8% Exchange Notes") having terms substantially identical in all material respects to the 6 7/8% Senior Notes (except that the exchange notes were issued under a registration statement pursuant to the 1933 Act). References to the 6 7/8% Senior Notes shall be deemed to be the 6 7/8% Exchange Notes unless the context provides otherwise.

***6 1/4% Senior Secured Notes due 2023***

On March 16, 2017, CHS completed a public offering of $2.2 billion aggregate principal amount of 6 1/4% Senior Secured Notes. The net proceeds from this issuance were used to finance the purchase or redemption of $700 million aggregate principal amount of CHS' then outstanding 2018 Senior Secured Notes and related fees and expenses, and the repayment of $1.445 billion of the Term F Facility. On May 12, 2017, CHS completed a tack-on offering of $900 million aggregate principal amount of 6 1/4% Senior Secured Notes, increasing the total aggregate principal amount of 6 1/4% Senior Secured Notes to $3.1 billion. A portion of the net proceeds from this issuance were used to finance the repayment of approximately $713 million aggregate principal amount of CHS' then outstanding Term A Facility and related fees and expenses. The tack-on notes have identical terms, other than issue date and issue price as the 6 1/4% Senior Secured Notes issued on March 16, 2017. The 6 1/4% Senior Secured Notes bear interest at 6.250% per annum, payable semiannually in arrears on March 31 and September 30, commencing September 30, 2017. Interest on the 6 1/4% Senior Secured Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. The 6 1/4% Senior Secured Notes are secured by a first-priority lien subject to a shared lien of equal priority with certain other obligations, including obligations under the Credit Facility and the 2021 Senior Secured Notes, and subject to prior ranking liens permitted by the indenture governing the 6 1/4% Senior Secured Notes on substantially the same assets, subject to certain exceptions, that secure CHS' obligations under the Credit Facility and the 2021 Senior Secured Notes.

CHS is entitled, at its option, to redeem all or a portion of the 6 1/4% Senior Secured Notes at any time prior to March 31, 2020, upon not less than 30 nor more than 60 days' notice, at a price equal to 100% of the principal amount of the 6 1/4% Senior Secured Notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the indenture governing the 6 1/4% Senior Secured Notes. In addition, CHS may redeem up to 40% of the aggregate principal amount of the 6 1/4% Senior Secured Notes at any time prior to March 31, 2020 using the net proceeds from certain equity offerings at the redemption price of 106.250% of the principal amount of the 6 1/4% Senior Secured Notes redeemed, plus accrued and unpaid interest, if any.

CHS may redeem some or all of the 6 1/4% Senior Secured Notes at any time on or after March 31, 2020 upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

| Period | Redemption Price |
|---|---|
| March 31, 2020 to March 30, 2021 | 103.125% |
| March 31, 2021 to March 30, 2022 | 101.563% |
| March 31, 2022 to March 30, 2023 | 100.000% |

***Receivables Facility***

Prior to the effectiveness of the ABL Facility described in Note 15, CHS, through certain of its subsidiaries, participated in an accounts receivable loan agreement (the "Receivables Facility") with a group of lenders and banks, Credit Agricolé Corporate and Investment Bank, as a managing agent and as the administrative agent. Patient-related accounts receivable (the "Receivables") for certain affiliated hospitals served as collateral for the outstanding borrowings under the Receivables Facility. The interest rate on the borrowings was based on the commercial paper rate plus an applicable interest rate spread. The Receivables Facility was scheduled to expire on November 13, 2019. The outstanding borrowings pursuant to the Receivables Facility at March 31, 2018 totaled $538 million on the condensed consolidated balance sheet. At March 31, 2018, the carrying amount of Receivables included in the Receivables Facility totaled approximately $1.6 billion and is included in patient accounts receivable on the condensed consolidated balance sheet.

***Loss from Early Extinguishment of Debt***

The financing and repayment transactions discussed above resulted in a loss from the early extinguishment of debt of $4 million and an after-tax loss of $3 million for the three months ended March 31, 2018. The financing and repayment transactions discussed above resulted in a loss from the early extinguishment of debt of $21 million and an after-tax loss of $13 million for the three months ended March 31, 2017.

***Other Debt***

As of March 31, 2018, other debt consisted primarily of other obligations maturing in various installments through 2028.

To limit the effect of changes in interest rates on a portion of the Company's long-term borrowings, the Company is a party to 8 separate interest swap agreements in effect at March 31, 2018, with an aggregate notional amount for currently effective swaps of $2.2 billion. On each of these swaps, the Company receives a variable rate of interest based on the three-month LIBOR in exchange for the payment of a fixed rate of interest. See Note 11 for additional information regarding these swaps.

The Company paid interest of $212 million and $279 million on borrowings during the three months ended March 31, 2018 and 2017, respectively.

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been estimated by the Company using available market information as of March 31, 2018 and December 31, 2017, and valuation methodologies considered appropriate. The estimates presented in the table below are not necessarily indicative of amounts the Company could realize in a current market exchange (in millions):

| | March 31, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Assets: | | | | |
| Cash and cash equivalents | $ 424 | $ 424 | $ 563 | $ 563 |
| Investments in equity securities | 149 | 149 | - | - |
| Available-for-sale securities | 119 | 119 | 252 | 252 |
| Trading securities | - | - | 37 | 37 |
| Liabilities: | | | | |
| Contingent Value Right | 3 | 3 | 2 | 2 |
| Credit Facility | 2,899 | 2,848 | 2,902 | 2,826 |
| 8% Senior Notes | 1,922 | 1,738 | 1,922 | 1,637 |
| 7 ⅛% Senior Notes | 1,192 | 978 | 1,192 | 897 |
| 5 ⅛% Senior Secured Notes due 2021 | 979 | 933 | 978 | 902 |
| 6 ⅞% Senior Notes | 2,946 | 1,743 | 2,943 | 1,729 |
| 6 ¼% Senior Secured Notes | 3,063 | 2,855 | 3,061 | 2,800 |
| Receivables Facility and other debt | 589 | 589 | 611 | 611 |

The carrying value of the Company's long-term debt in the above table is presented net of unamortized deferred debt issuance costs. The estimated fair value is determined using the methodologies discussed below in accordance with accounting standards related to the determination of fair value based on the U.S. GAAP fair value hierarchy as discussed in Note 12. The estimated fair value for financial instruments with a fair value that does not equal its carrying value is considered a Level 1 valuation. The Company utilizes the market approach and obtains indicative pricing from the administrative agent to the Credit Facility to determine fair values or through publicly available subscription services such as Bloomberg where relevant.

*Cash and cash equivalents.* The carrying amount approximates fair value due to the short-term maturity of these instruments (less than three months).

*Investments in equity securities.* Estimated fair value is based on closing price as quoted in public markets.

*Available-for-sale securities.* Estimated fair value is based on closing price as quoted in public markets or other various valuation techniques.

*Trading securities.* Estimated fair value is based on closing price as quoted in public markets.

*Contingent Value Right*. Estimated fair value is based on the closing price as quoted on the public market where the CVR is traded.

*Credit Facility.* Estimated fair value is based on publicly available trading activity and supported with information from the Company's bankers regarding relevant pricing for trading activity among the Company's lending institutions.

*8% Senior Notes.* Estimated fair value is based on the closing market price for these notes.

*7 ⅛% Senior Notes.* Estimated fair value is based on the closing market price for these notes.

*5 ⅛% Senior Secured Notes due 2021.* Estimated fair value is based on the closing market price for these notes.

*6 ⅞% Senior Notes.* Estimated fair value is based on the closing market price for these notes.

*6 ¼% Senior Secured Notes.* Estimated fair value is based on the closing market price for these notes.

*Receivables Facility and other debt.* The carrying amount of the Receivables Facility and all other debt approximates fair value due to the nature of these obligations.

*Interest rate swaps.* The fair value of interest rate swap agreements is the amount at which they could be settled, based on estimates calculated by the Company using a discounted cash flow analysis based on observable market inputs and validated by comparison to estimates obtained from the counterparty. The Company incorporates credit valuation adjustments ("CVAs") to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. In adjusting the fair value of its interest rate swap agreements for the effect of nonperformance or credit risk, the Company has considered the impact of any netting features included in the agreements.

The Company assesses the effectiveness of its hedge instruments on a quarterly basis. For the three months ended March 31, 2018 and 2017, the Company completed an assessment of the cash flow hedge instruments and determined the hedges to be highly effective. The Company has also determined that the ineffective portion of the hedges do not have a material effect on the Company's condensed consolidated financial position, operations or cash flows. The counterparties to the interest rate swap agreements expose the Company to credit risk in the event of nonperformance. However, at March 31, 2018, most of the swap agreements entered into by the Company were in a net liability position such that the Company would be required to make the net settlement payments to the counterparties; the Company does not anticipate nonperformance by those counterparties. The Company does not hold or issue derivative financial instruments for trading purposes.

Interest rate swaps consisted of the following at March 31, 2018:

| Swap # | Notional Amount (in millions) | Fixed Interest Rate | Termination Date | Asset (Liability) Fair Value (in millions) |
|---|---|---|---|---|
| 1 | $ 400 | 1.882% | August 30, 2019 | $ 3 |
| 2 | 200 | 2.515% | August 30, 2019 | - |
| 3 | 200 | 2.613% | August 30, 2019 | (1) |
| 4 | 300 | 2.041% | August 30, 2020 | 4 |
| 5 | 300 | 2.738% | August 30, 2020 | (1) |
| 6 | 300 | 2.892% | August 30, 2020 | (2) |
| 7 | 300 | 2.363% | January 27, 2021 | 2 |
| 8 | 200 | 2.368% | January 27, 2021 | 1 |

The Company is exposed to certain risks relating to its ongoing business operations. The risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate fluctuation risk associated with the term loans in the Credit Facility. Companies are required to recognize all derivative instruments as either assets or liabilities at fair value in the condensed consolidated statement of financial position. The Company designates its interest rate swaps as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Assuming no change in March 31, 2018 interest rates, approximately $9 million of interest expense resulting from the spread between the fixed and floating rates defined in each interest rate swap agreement will be recognized during the next 12 months. If interest rate swaps do not remain highly effective as a cash flow hedge, the derivatives' gains or losses resulting from the change in fair value reported through OCI will be reclassified into earnings.

The following tabular disclosure provides the amount of pre-tax gain recognized as a component of OCI during the three months ended March 31, 2018 and 2017 (in millions):

| | Amount of Pre-Tax Gain Recognized in OCI (Effective Portion) | |
|---|---|---|
| | Three Months Ended March 31, | |
| **Derivatives in Cash Flow Hedging Relationships** | **2018** | **2017** |
| Interest rate swaps | $ 17 | $ - |

The following tabular disclosure provides the location of the effective portion of the pre-tax loss reclassified from accumulated other comprehensive loss ("AOCL") into interest expense on the condensed consolidated statements of loss during the three months ended March 31, 2018 and 2017 (in millions):

| | Amount of Pre-Tax Loss Reclassified from AOCL into Income (Effective Portion) | |
|---|---|---|
| | Three Months Ended March 31, | |
| **Location of Loss Reclassified from AOCL into Income (Effective Portion)** | **2018** | **2017** |
| Interest expense, net | $ 5 | $ 9 |

The fair values of derivative instruments in the condensed consolidated balance sheets as of March 31, 2018 and December 31, 2017 were as follows (in millions):

| | Asset Derivatives | | | | Liability Derivatives | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2018 | | December 31, 2017 | | March 31, 2018 | | December 31, 2017 | |
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| Derivatives designated as hedging instruments | Other assets, net | $ 10 | Other assets, net | $ 1 | Other long-term liabilities | $ 4 | Other long-term liabilities | $ 18 |

**12. FAIR VALUE**

*Fair Value Hierarchy*

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Company utilizes the U.S. GAAP fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The inputs used to measure fair value are classified into the following fair value hierarchy:

*Level 1:* Quoted market prices in active markets for identical assets or liabilities.

*Level 2:* Observable market-based inputs or unobservable inputs that are corroborated by market data.

*Level 3:* Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Company's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level

input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment of factors specific to the asset or liability. Transfers between levels within the fair value hierarchy are recognized by the Company on the date of the change in circumstances that requires such transfer. There were no transfers between levels during the three-month periods ending March 31, 2018 or March 31, 2017.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of March 31, 2018 and December 31, 2017 (in millions):

| | March 31, 2018 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Available-for-sale securities | $ 119 | $ - | $ 119 | $ - |
| Investments in equity securities | 149 | 149 | - | - |
| Fair value of interest rate swap agreements | 10 | - | 10 | - |
| Total assets | $ 278 | $ 149 | $ 129 | $ - |
| Contingent Value Right (CVR) | $ 3 | $ 3 | $ - | $ - |
| CVR-related liability | 259 | - | - | 259 |
| Fair value of interest rate swap agreements | 4 | - | 4 | - |
| Total liabilities | $ 266 | $ 3 | $ 4 | $ 259 |

| | December 31, 2017 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Available-for-sale securities | $ 252 | $ 132 | $ 120 | $ - |
| Trading securities | 37 | 37 | - | - |
| Fair value of interest rate swap agreements | 1 | - | 1 | - |
| Total assets | $ 290 | $ 169 | $ 121 | $ - |
| Contingent Value Right (CVR) | $ 2 | $ 2 | $ - | $ - |
| CVR-related liability | 256 | - | - | 256 |
| Fair value of interest rate swap agreements | 18 | - | 18 | - |
| Total liabilities | $ 276 | $ 2 | $ 18 | $ 256 |

**Investments in Equity Securities, Available-for-sale Securities and Trading Securities**

Investments in equity securities and trading securities classified as Level 1 are measured using quoted market prices. Level 2 available-for-sale securities primarily consisted of bonds and notes issued by the United States government and its agencies and domestic and foreign corporations. The estimated fair values of these securities are determined using various valuation techniques, including a multi-dimensional relational model that incorporates standard observable inputs and assumptions such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids/offers and other pertinent reference data.

**Contingent Value Right (CVR)**

The CVR represents the estimate of the fair value for the contingent consideration paid to HMA shareholders as part of the HMA merger. The CVR is listed on the Nasdaq and the valuation at March 31, 2018 is based on the quoted trading price for the CVR on the last day of the period. Changes in the estimated fair value of the CVR are recorded through the condensed consolidated statements of loss.

**CVR-related Liability**

The CVR-related legal liability represents the Company's estimate of fair value at March 31, 2018 of the liability associated with the legal matters assumed in the HMA merger, which are included in other long-term liabilities in the accompanying condensed consolidated balance sheet. This liability did not include those matters previously accrued by HMA as a probable contingency, which were settled and paid during the year ended December 31, 2015. To develop the estimate of fair value, the Company engaged an independent third-party valuation firm to measure the liability. The valuation was made utilizing the Company's estimates of future outcomes for each legal case and simulating future outcomes based on the timing, probability and distribution of several scenarios using a Monte Carlo simulation model. Other inputs were then utilized for discounting the liability to the measurement date. The HMA legal matters underlying this fair value estimate were evaluated by management to determine the likelihood and impact of each of the potential outcomes. Using that information, as well as the potential correlation and variability associated with each case, a fair value was determined for the estimated future cash outflows to conclude or settle the HMA legal matters included in the analysis, excluding legal fees (which are expensed as incurred). Because of the unobservable nature of the majority of the inputs used to value the liability, the Company has classified the fair value measurement as a Level 3 measurement in the fair value hierarchy.

The fair value of the CVR-related legal liability will be measured each reporting period using similar measurement techniques, updated for the assumptions and facts existing at that date for each of the underlying legal matters. Changes in the fair value of the CVR related legal liability are recorded in future periods through the condensed consolidated statements of loss.

**Fair Value of Interest Rate Swap Agreements**

The valuation of the Company's interest rate swap agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses observable market-based inputs, including forward interest rate curves. The fair value of interest rate swap agreements are determined by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on the expectation of future interest rates based on observable market forward interest rate curves and the notional amount being hedged.

The Company incorporates CVAs to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. In adjusting the fair value of its interest rate swap agreements for the effect of nonperformance or credit risk, the Company has considered the impact of any netting features included in the agreements. The CVA on the Company's interest rate swap agreements had an immaterial effect on the fair value of the related asset or liability at March 31, 2018. The CVA on the Company's interest rate swap agreements resulted in a decrease in the fair value of the related liability of $1 million and an after-tax adjustment of less than $1 million to OCI at December 31, 2017.

The majority of the inputs used to value the Company's interest rate swap agreements, including the forward interest rate curves and market perceptions of the Company's credit risk used in the CVAs, are observable inputs available to a market participant. As a result, the Company has determined that the interest rate swap valuations are classified in Level 2 of the fair value hierarchy.

**13. EMPLOYEE BENEFIT PLANS**

The Company provides an unfunded Supplemental Executive Retirement Plan ("SERP") for certain members of its executive management. The Company uses a December 31 measurement date for the benefit obligations and a January 1 measurement date for its net periodic costs for the SERP. Variances from actuarially assumed rates will result in increases or decreases in benefit obligations and net periodic cost in future periods. Benefits expense under the SERP was $2 million and $4 million for the three months ended March 31, 2018 and 2017, respectively. The accrued benefit liability for the SERP totaled $78 million and $83 million at March 31, 2018 and December 31, 2017, respectively, and is included in other long-term liabilities on the condensed consolidated balance sheets. The weighted-average assumptions used in determining net periodic cost for the three-month period ended March 31, 2018 was a discount rate of 3.4% and annual salary increase of 2.0%. The Company had equity investment securities in a rabbi trust generally designated to pay benefits of the SERP in the amounts of $91 million and $99 million at March 31, 2018 and December 31, 2017, respectively. These amounts are included in other assets, net on the condensed consolidated balance sheets.

During the three months ended March 31, 2018, certain members of executive management of the Company that were participants in the SERP retired and met the requirements for payout of their SERP retirement benefit. The SERP payout provisions require payment to the participant in an actuarially determined lump sum amount six months after the participant retires from the Company. Such amounts were paid out of the rabbi trust during the year ended December 31, 2017. As required by the pension accounting rules in U.S. GAAP, the Company recognized a non-cash settlement loss of less than $1 million during the three months ended March 31, 2018, and will recognize a non-cash settlement loss of less than $1 million during the remaining nine months ending December 31, 2018, which represent a pro-rata portion of the accumulated unrecognized actuarial loss out of accumulated other comprehensive loss.

**14. CONTINGENCIES**

The Company is a party to various legal, regulatory and governmental proceedings incidental to its business. Based on current knowledge, management does not believe that loss contingencies arising from pending legal, regulatory and governmental matters, including the matters described herein, will have a material adverse effect on the condensed consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending legal, regulatory and governmental matters, some of which are beyond the Company's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular reporting period.

With respect to all legal, regulatory and governmental proceedings, the Company considers the likelihood of a negative outcome. If the Company determines the likelihood of a negative outcome with respect to any such matter is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the estimated loss for the expected outcome of the matter. If the likelihood of a negative outcome with respect to material matters is reasonably possible and the Company is able to determine an estimate of the possible loss or a range of loss, whether in excess of a related accrued liability or where there is no accrued liability, the Company discloses the estimate of the possible loss or range of loss. However, the Company is unable to estimate a possible loss or range of loss in some instances based on the significant uncertainties involved in, and/or the preliminary nature of, certain legal, regulatory and governmental matters.

In connection with the spin-off of QHC, the Company agreed to indemnify QHC for certain liabilities relating to outcomes or events occurring prior to April 29, 2016, the closing date of the spin-off, including (i) certain claims and proceedings that were known to be outstanding at or prior to the consummation of the spin-off and involved multiple facilities and (ii) certain claims, proceedings and investigations by governmental authorities or private plaintiffs related to activities occurring at or related to QHC's healthcare facilities prior to the closing date of the spin-off, but only to the extent, in the case of clause (ii), that such claims are covered by insurance policies maintained by the Company, including professional liability and employer practices. In this regard, the Company continues to be responsible for HMA Legal Matters (as defined below) covered by the CVR agreement that relate to QHC's business, and any amounts payable by the Company in connection therewith will continue to reduce the amount payable by the Company in respect of the CVRs. Notwithstanding the foregoing, the Company is not required to indemnify QHC in respect of any claims or proceedings arising out of or related to the business operations of Quorum Health Resources, LLC at any time or QHC's compliance with the corporate integrity agreement. Subsequent to the spin-off of QHC, the Office of the Inspector General provided the Company with written assurance that it would look solely at QHC for compliance for its facilities under the Company's Corporate Integrity Agreement; however, the Office of the Inspector General declined to enter into a separate corporate integrity agreement with QHC. In addition, on August 4, 2017, the Company initiated an arbitration against QHC for unpaid amounts due from QHC related to two transition services agreements entered into between QHC and the Company in connection with the spin-off. QHC filed a counterclaim, claiming breach of contract and tortious interference, among others. The arbitration is set to begin June 18, 2018. The Company believes the counterclaim is without merit and will vigorously defend the case.

HMA Legal Matters and Related CVR

The CVR agreement entitles the holder to receive a one-time cash payment of up to $1.00 per CVR, subject to downward adjustment based on the final resolution of certain litigation, investigations (whether formal or informal, including subpoenas), or other actions or proceedings related to HMA or its affiliates existing on or prior to July 29, 2013 (the date of the Company's merger agreement with HMA) as more specifically provided in the CVR agreement (all such matters are referred to as the "HMA Legal Matters"), which include, but are not limited to, investigation and litigation matters as previously disclosed by HMA in public filings with the SEC and/or as described in more detail below. The adjustment reducing the ultimate amount paid to holders of the CVR is determined based on the amount of losses incurred by the Company in connection with the HMA Legal Matters as more specifically provided in the CVR agreement, which generally includes the amount paid for damages, costs, fees and expenses (including, without limitation, attorneys' fees and expenses), and all fines, penalties, settlement amounts, indemnification obligations and other liabilities (all such losses are referred to as "HMA Losses"). If the aggregate amount of HMA Losses exceeds a deductible of $18 million, then the amount payable in respect of each CVR shall be reduced (but not below zero) by an amount equal to the quotient obtained by dividing: (a) the product of (i) all losses in excess of the deductible and (ii) 90%; by (b) the number of CVRs outstanding on the date on which final resolution of the existing litigation occurs. There are 264,544,053 CVRs outstanding as of the date hereof. If total HMA Losses (including HMA Losses that have occurred to date as noted in the table below) exceed approximately $312 million, then the holders of the CVRs will not be entitled to any payment in respect of the CVRs.

The CVRs do not have a finite payment date. Any payments the Company makes under the CVR agreement will be payable within 60 days after the final resolution of the HMA Legal Matters. The CVRs are unsecured obligations of CHS and all payments under the CVRs will be subordinated in right of payment to the prior payment in full of all of the Company's senior obligations (as defined in the CVR agreement), which include outstanding indebtedness of the Company (subject to certain exceptions set forth in the CVR agreement) and the HMA Losses. The CVR agreement permits the Company to acquire all or some of the CVRs, whether in open market transactions, private transactions or otherwise. As of March 31, 2018, the Company had acquired no CVRs.

The following table represents the impact of legal expenses paid or incurred and settlements paid or deemed final as of March 31, 2018 on the amounts owed to CVR holders (in millions):

| | | Allocation of Expenses and Settlements Paid | | |
|---|---|---|---|---|
| | Total Expenses and Settlement Cost | Deductible | Company's Responsibility at 10% | Reduction to Amount Owed to CVR Holders at 90% |
| As of December 31, 2017 | $ 64 | $ 18 | $ 4 | $ 42 |
| Settlements paid | - | - | - | - |
| Legal expenses incurred and/or paid during the three months ended March 31, 2018 | - | - | - | - |
| As of March 31, 2018 | $ 64 | $ 18 | $ 4 | $ 42 |

Amounts owed to CVR holders are dependent on the ultimate resolution of the HMA Legal Matters and determination of HMA Losses incurred. The settlement of any or all of the claims and expenses incurred on behalf of the Company in defending itself will (subject to the deductible) reduce the amounts owed to the CVR holders.

Underlying the CVR agreement are a number of claims included in the HMA Legal Matters asserted against HMA. The Company has recorded a liability in connection with those claims as part of the acquired assets and liabilities at the date of acquisition pursuant to the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 805 "Business Combinations." For the estimate of the Company's liabilities associated with the HMA Legal Matters that will be covered by the CVR and were not previously accrued by HMA, the Company recorded a liability of $284 million as part of the acquisition accounting for the HMA merger based on the Company's estimate of fair value of such liabilities as of the date of acquisition. There was a $3 million increase in the liability during the three months ended March 31, 2018 and the estimated fair value of such liabilities, after consideration of amounts paid and current estimates of valuation inputs, was $259 million as of March 31, 2018, which is recorded in other long-term liabilities on the accompanying condensed consolidated balance sheet. As of March 31, 2018, there is currently no accrual recorded for the probable contingency claims underlying the CVR agreement. The estimated liability for probable contingency claims underlying the CVR agreement that was previously recorded by HMA, and reflected in the purchase accounting for HMA as an acquired liability has been settled and was paid during the year ended December 31, 2015. In addition, although legal fees are not included in the amounts currently accrued, such legal fees are taken into account in determining HMA Losses under the CVR agreement. Certain significant HMA Legal Matters underlying these liabilities are discussed in greater detail below.

HMA Matters Recorded at Fair Value

*Medicare/Medicaid Billing Lawsuits*

Beginning during the week of December 16, 2013, eleven qui tam lawsuits filed by private individuals against HMA were unsealed in various United States district courts. The United States has elected to intervene in all or part of eight of these matters; namely U.S. ex rel. Craig Brummer v. Health Management Associates, Inc. et al. (Middle District Georgia) ("Brummer"); U.S. ex rel. Ralph D. Williams v. Health Management Associates, Inc. et al. (Middle District Georgia) ("Williams"); U.S. ex rel. Scott H. Plantz, M.D. et al. v. Health Management Associates, Inc., et al. (Northern District Illinois) ("Plantz"); U.S. ex rel. Thomas L. Mason, M.D. et al. v. Health Management Associates, Inc. et al. (Western District North Carolina) ("Mason"); U.S. ex rel. Jacqueline Meyer, et al. v. Health Management Associates, Inc., Gary Newsome et al. ("Jacqueline Meyer") (District of South Carolina); U.S. ex rel. George Miller, et al. v. Health Management Associates, Inc. (Eastern District of Pennsylvania) ("Miller"); U.S. ex rel. Bradley Nurkin v. Health

Management Associates, Inc. et al. (Middle District of Florida) ("Nurkin"); and U.S. ex rel. Paul Meyer v. Health Management Associates, Inc. et al. (Southern District Florida) ("Paul Meyer"). The United States has elected to intervene with respect to allegations in these cases that certain HMA hospitals inappropriately admitted patients and then submitted reimbursement claims for treating those individuals to federal healthcare programs in violation of the False Claims Act or that certain HMA hospitals had inappropriate financial relationships with physicians which violated the Stark law, the Anti-Kickback Statute, and the False Claims Act. Certain of these complaints also allege the same actions violated various state laws which prohibit false claims. The United States has declined to intervene in three of the eleven matters, namely U.S. ex rel. Anita France, et al. v. Health Management Associates, Inc. (Middle District Florida) ("France") which involved allegations of wrongful billing and was settled; U.S. ex rel. Sandra Simmons v. Health Management Associates, Inc. et al. (Eastern District Oklahoma) ("Simmons") which alleges unnecessary surgery by an employed physician and which was settled as to all allegations except alleged wrongful termination; and U.S. ex rel. David Napoliello, M.D. v. Health Management Associates, Inc. (Middle District Florida) ("Napoliello") which alleges inappropriate admissions. On April 3, 2014, the Multi District Litigation Panel ordered the transfer and consolidation for pretrial proceedings of the eight intervened cases, plus the Napoliello matter, to the District of the District of Columbia under the name In Re: Health Management Associates, Inc. Qui Tam Litigation. On June 2, 2014, the court entered a stay of this matter until October 6, 2014, which was subsequently extended until February 27, 2015, May 27, 2015, September 25, 2015, January 25, 2016, May 25, 2016, September 26, 2016, December 27, 2016, April 27, 2017, August 28, 2017, December 18, 2017, March 19, 2018 and now until June 18, 2018. The Company intends to defend against the allegations in these matters, but also continues to cooperate with the government in the ongoing investigation of these allegations. The Company has been in discussions with the Civil Division of the United States Department of Justice ("DOJ") regarding the resolutions of these matters. During the first quarter of 2015, the Company was informed that the Criminal Division continues to investigate former executive-level employees of HMA, and continues to consider whether any HMA entities should be held criminally liable for the acts of the former HMA employees. The Company is voluntarily cooperating with these inquiries and has not been served with any subpoenas or other legal process.

Other Probable Contingencies

*Becker v. Community Health Systems, Inc. d/b/a Community Health Systems Professional Services Corporation d/b/a Community Health Systems d/b/a Community Health Systems PSC, Inc. d/b/a Rockwood Clinic P.S. and Rockwood Clinic, P.S. (Superior Court, Spokane, Washington).* This suit was filed on February 29, 2012, by a former chief financial officer at Rockwood Clinic in Spokane, Washington. Becker claims he was wrongfully terminated for allegedly refusing to certify a budget for Rockwood Clinic in 2012. On February 29, 2012, he also filed an administrative complaint with the Department of Labor, Occupational Safety and Health Administration alleging that he is a whistleblower under Sarbanes-Oxley, which was dismissed by the agency and was appealed to an administrative law judge for a hearing that occurred on January 19-26, 2016. In a decision dated November 9, 2016, the law judge awarded Becker approximately $1.9 million for front pay, back pay and emotional damages with attorney fees to be later determined. The Company has appealed the award to the Administrative Review Board and is awaiting its decision. At a hearing on July 27, 2012, the trial court dismissed Community Health Systems, Inc. from the state case and subsequently certified the state case for an interlocutory appeal of the denial to dismiss his employer and the management company. The appellate court accepted the interlocutory appeal, and it was argued on April 30, 2014. On August 14, 2014, the court denied the Company's appeal. On October 20, 2014, the Company filed a petition to review the denial with the Washington Supreme Court. The appeal was accepted and oral argument was heard on June 9, 2015. On September 15, 2015, the court denied the Company's appeal and remanded to the trial court; a previous trial setting of September 12, 2016 has been vacated and not reset. The Company continues to vigorously defend these actions.

Summary of Recorded Amounts

The table below presents a reconciliation of the beginning and ending liability balances (in millions) during the three months ended March 31, 2018, with respect to the Company's fair value determination in connection with HMA Legal Matters that were not previously accrued by HMA, and the remaining contingencies of the Company in respect of which an accrual has been recorded. In addition, future legal fees (which are expensed as incurred) and costs related to possible indemnification and criminal investigation matters associated with the HMA Legal Matters have not been accrued or included in the table below. Furthermore, although not accrued, such costs, if incurred, will be taken into account in determining the total amount of reductions applied to the amounts owed to CVR holders.

| | CVR-Related Liability at Fair Value | Other Probable Contingencies |
|---|---|---|
| Balance as of December 31, 2017 | $ 256 | $ 14 |
| Expense | 3 | 5 |
| Cash payments | - | (2) |
| Balance as of March 31, 2018 | $ 259 | $ 17 |

With respect to the "Other Probable Contingencies" referenced in the chart above, in accordance with applicable accounting guidance, the Company establishes a liability for litigation, regulatory and governmental matters for which, based on information currently available, the Company believes that a negative outcome is known or is probable and the amount of the loss is reasonably estimable. For all such matters (whether or not discussed in this contingencies footnote), such amounts have been recorded in other accrued liabilities on the consolidated balance sheet and are included in the table above in the "Other Probable Contingencies" column. Due to the uncertainties and difficulty in predicting the ultimate resolution of these contingencies, the actual amount could differ from the estimated amount reflected as a liability on the consolidated balance sheet.

In the aggregate, attorneys' fees and other costs incurred but not included in the table above related to probable contingencies, and CVR-related contingencies accounted for at fair value, totaled less than $1 million for both of the three-month periods ended March 31, 2018 and 2017, and are included in other operating expenses in the accompanying condensed consolidated statements of loss.

Matters for which an Outcome Cannot be Assessed

For the following legal matter, due to the uncertainties surrounding the ultimate outcome of the case, the Company cannot at this time assess what the outcome may be and is further unable to determine any estimate of loss or range of loss.

Class Action Shareholder Federal Securities Cases. Three purported class action cases have been filed in the United States District Court for the Middle District of Tennessee; namely, Norfolk County Retirement System v. Community Health Systems, Inc., et al., filed May 9, 2011; De Zheng v. Community Health Systems, Inc., et al., filed May 12, 2011; and Minneapolis Firefighters Relief Association v. Community Health Systems, Inc., et al., filed June 21, 2011. All three seek class certification on behalf of purchasers of the Company's common stock between July 27, 2006 and April 11, 2011 and allege that misleading statements resulted in artificially inflated prices for the Company's common stock. In December 2011, the cases were consolidated for pretrial purposes and NYC Funds and its counsel were selected as lead plaintiffs/lead plaintiffs' counsel. In lieu of ruling on the Company's motion to dismiss, the court permitted the plaintiffs to file a first amended consolidated class action complaint, which was filed on October 5, 2015. The Company's motion to dismiss was filed on November 4, 2015 and oral argument was held on April 11, 2016. The Company's motion to dismiss was granted on June 16, 2016 and on June 27, 2016, the plaintiffs filed a notice of appeal to the Sixth Circuit Court of Appeals. The matter was heard on May 3, 2017. On December 13, 2017, the Sixth Circuit reversed the trial court's dismissal of the case and remanded it to the District Court. The Company filed a petition for a writ of certioriari to the United States Supreme Court on April 18, 2018 seeking review of the Sixth Circuit's decision. The Company also filed a renewed partial motion to dismiss on February 9, 2018 in the District Court. The Company believes this consolidated matter is without merit and will vigorously defend this case.

**15. SUBSEQUENT EVENTS**

The Company has evaluated all material events occurring subsequent to the balance sheet date for events requiring disclosure or recognition in the condensed consolidated financial statements.

Effective April 1, 2018, one or more subsidiaries of the Company sold Bayfront Health Dade City (120 licensed beds) in Dade City, Florida, and its associated assets to subsidiaries of Adventist Health System for approximately $9 million in cash, which was received at the preliminary closing on March 30, 2018.

On April 3, 2018, the Company and CHS entered into an asset-based loan (ABL) credit agreement (the "ABL Credit Agreement") (as further described below), with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto. Pursuant to the ABL Credit Agreement, the lenders have extended to CHS a revolving asset-based loan facility (the "ABL Facility") in the maximum aggregate principal amount of $1.0 billion, subject to borrowing base capacity. The ABL facility includes borrowing capacity available for letters of credit of $50 million. CHS and all domestic subsidiaries of the CHS that guarantee the CHS' other outstanding senior and senior secured indebtedness guarantee the obligations of CHS under the ABL Facility. In conjunction with the closing of the ABL Facility, the wholly-owned special-purpose entity that owned the Receivables pledged under the previous Receivables Facility became a subsidiary guarantor under the Credit Facility and CHS' outstanding notes. Subject to certain exceptions, all obligations under the ABL Facility and the related guarantees are secured by a perfected first-priority security interest in substantially all of the Receivables, deposit, collection and other accounts and contract rights, books, records and other instruments related to the foregoing of the Company, CHS and the guarantors as well as a perfected junior-priority security interest in substantially all of the other assets of the Company, CHS and the guarantors, subject to customary exceptions and intercreditor arrangements. The revolving credit commitments under the Credit Facility were reduced to $425 million upon the effectiveness of the ABL Facility. In connection with entering into the ABL Credit Agreement and the ABL Facility, the Company repaid in full and terminated its Receivables Facility.

On April 18, 2018, one or more subsidiaries of the Company signed a definitive agreement for the sale of Munroe Regional Medical Center (421 licensed beds) in Ocala, Florida, and its associated assets to subsidiaries of Adventist Health System.

**16. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION**

The Senior Notes due 2019, 2020 and 2022, which are senior unsecured obligations of CHS, the 5 ⅛% Senior Secured Notes due 2021, and the 6 ¼% Senior Secured Notes due 2023 (collectively, "the Notes") are guaranteed on a senior basis by the Company and by certain of its existing and subsequently acquired or organized 100% owned domestic subsidiaries. In addition, equity interests in non-guarantors have been pledged as collateral except for four hospitals owned jointly with non-profit, health organizations. The Notes are fully and unconditionally guaranteed on a joint and several basis, with exceptions considered customary for such guarantees, limited to the release of the guarantee when a subsidiary guarantor's capital stock is sold, or a sale of all of the subsidiary guarantor's assets used in operations. The following condensed consolidating financial statements present Community Health Systems, Inc. (as parent guarantor), CHS (as the issuer), the subsidiary guarantors, the subsidiary non-guarantors and eliminations. These condensed consolidating financial statements have been prepared and presented in accordance with SEC Regulation S-X Rule 3-10 "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered."

The accounting policies used in the preparation of this financial information are consistent with those elsewhere in the condensed consolidated financial statements of the Company, except as noted below:

- Intercompany receivables and payables are presented gross in the supplemental condensed consolidating balance sheets.

- Cash flows from intercompany transactions are presented in cash flows from financing activities, as changes in intercompany balances with affiliates, net.

- Income tax expense is allocated from the parent guarantor to the income producing operations (other guarantors and non-guarantors) and the issuer through stockholders' deficit. As this approach represents an allocation, the income tax expense allocation is considered non-cash for statement of cash flow purposes.

- Interest expense, net has been presented to reflect net interest expense and interest income from outstanding long-term debt and intercompany balances.

The Company's intercompany activity consists primarily of daily cash transfers for purposes of cash management, the allocation of certain expenses and expenditures paid for by the Parent on behalf of its subsidiaries, and the push down of investment in its subsidiaries. This activity also includes the intercompany transactions between consolidated entities as part of the Receivables Facility that is further discussed in Note 10. The Company's subsidiaries generally do not purchase services from one another; thus, the intercompany transactions do not represent revenue generating transactions. All intercompany transactions eliminate in consolidation.

From time to time, subsidiaries of the Company sell and/or repurchase noncontrolling interests in consolidated subsidiaries, which may change subsidiaries between guarantors and non-guarantors. Amounts for prior periods have been revised to reflect the status of guarantors and non-guarantors as of March 31, 2018.

## Condensed Consolidating Statement of Loss
## Three Months Ended March 31, 2018

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| Net operating revenues | $ - | $ (5) | $ 2,243 | $ 1,451 | $ - | $ 3,689 |
| Operating costs and expenses: | | | | | | |
| Salaries and benefits | - | - | 824 | 824 | - | 1,648 |
| Supplies | - | - | 400 | 216 | - | 616 |
| Other operating expenses | - | - | 601 | 310 | - | 911 |
| Government and other legal settlements and related costs | - | - | 5 | - | - | 5 |
| Electronic health records incentive reimbursement | - | - | (1) | - | - | (1) |
| Rent | - | - | 47 | 42 | - | 89 |
| Depreciation and amortization | - | - | 113 | 68 | - | 181 |
| Impairment and (gain) loss on sale of businesses, net | - | - | 16 | 12 | - | 28 |
| Total operating costs and expenses | - | - | 2,005 | 1,472 | - | 3,477 |
| (Loss) income from operations | - | (5) | 238 | (21) | - | 212 |
| Interest expense, net | - | 91 | 136 | 1 | - | 228 |
| Loss from early extinguishment of debt | - | 4 | - | - | - | 4 |
| Equity in earnings of unconsolidated affiliates | 25 | (33) | 21 | - | (20) | (7) |
| (Loss) income from continuing operations before income taxes | (25) | (67) | 81 | (22) | 20 | (13) |
| (Benefit from) provision for income taxes | - | (42) | 47 | (12) | - | (7) |
| (Loss) income from continuing operations | (25) | (25) | 34 | (10) | 20 | (6) |
| Discontinued operations, net of taxes: | | | | | | |
| Loss from discontinued operations, net of taxes | - | - | - | - | - | - |
| Net (loss) income | (25) | (25) | 34 | (10) | 20 | (6) |
| Less: Net income attributable to noncontrolling interests | - | - | - | 19 | - | 19 |
| Net (loss) income attributable to Community Health Systems, Inc. stockholders | $ (25) | $ (25) | $ 34 | $ (29) | $ 20 | $ (25) |

## Condensed Consolidating Statement of Loss
## Three Months Ended March 31, 2017

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| Operating revenues (net of contractual allowances and discounts) | $ - | $ (6) | $ 2,879 | $ 2,295 | $ - | $ 5,168 |
| Provision for bad debts | - | - | 489 | 193 | - | 682 |
| Net operating revenues | - | (6) | 2,390 | 2,102 | - | 4,486 |
| Operating costs and expenses: | | | | | | |
| Salaries and benefits | - | - | 927 | 1,134 | - | 2,061 |
| Supplies | - | - | 430 | 319 | - | 749 |
| Other operating expenses | - | - | 599 | 458 | - | 1,057 |
| Government and other legal settlements and related costs | - | - | (41) | - | - | (41) |
| Electronic health records incentive reimbursement | - | - | (2) | (4) | - | (6) |
| Rent | - | - | 51 | 58 | - | 109 |
| Depreciation and amortization | - | - | 124 | 112 | - | 236 |
| Impairment and (gain) loss on sale of businesses, net | - | - | 41 | 209 | - | 250 |
| Total operating costs and expenses | - | - | 2,129 | 2,286 | - | 4,415 |
| (Loss) income from operations | - | (6) | 261 | (184) | - | 71 |
| Interest expense, net | - | 70 | 147 | 12 | - | 229 |
| Loss from early extinguishment of debt | - | 21 | - | - | - | 21 |
| Equity in earnings of unconsolidated affiliates | 199 | 121 | 163 | - | (486) | (3) |
| Loss from continuing operations before income taxes | (199) | (218) | (49) | (196) | 486 | (176) |
| Provision for (benefit from) income taxes | - | (19) | 71 | (52) | - | - |
| (Loss) income from continuing operations | (199) | (199) | (120) | (144) | 486 | (176) |
| Discontinued operations, net of taxes: | | | | | | |
| Loss from operations of entities sold or held for sale | - | - | (3) | 2 | - | (1) |
| Loss from discontinued operations, net of taxes | - | - | (3) | 2 | - | (1) |
| Net (loss) income | (199) | (199) | (123) | (142) | 486 | (177) |
| Less: Net income attributable to noncontrolling interests | - | - | - | 22 | - | 22 |
| Net (loss) income attributable to Community Health Systems, Inc. stockholders | $ (199) | $ (199) | $ (123) | $ (164) | $ 486 | $ (199) |

## Condensed Consolidating Statement of Comprehensive Loss
## Three Months Ended March 31, 2018

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| Net (loss) income | $ (25) | $ (25) | $ 34 | $ (10) | $ 20 | $ (6) |
| Other comprehensive income (loss), net of income taxes: | | | | | | |
| Net change in fair value of interest rate swaps, net of tax | 18 | 18 | - | - | (18) | 18 |
| Net change in fair value of available-for-sale securities, net of tax | (2) | (2) | (2) | - | 4 | (2) |
| Amortization and recognition of unrecognized pension cost components, net of tax | 1 | 1 | 1 | - | (2) | 1 |
| Other comprehensive income (loss) | 17 | 17 | (1) | - | (16) | 17 |
| Comprehensive (loss) income | (8) | (8) | 33 | (10) | 4 | 11 |
| Less: Comprehensive income attributable to noncontrolling interests | - | - | - | 19 | - | 19 |
| Comprehensive (loss) income attributable to Community Health Systems, Inc. stockholders | $ (8) | $ (8) | $ 33 | $ (29) | $ 4 | $ (8) |

## Condensed Consolidating Statement of Comprehensive Loss
## Three Months Ended March 31, 2017

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| Net (loss) income | $ (199) | $ (199) | $ (123) | $ (142) | $ 486 | $ (177) |
| Other comprehensive income, net of income taxes: | | | | | | |
| Net change in fair value of interest rate swaps, net of tax | 5 | 5 | - | - | (5) | 5 |
| Net change in fair value of available-for-sale securities, net of tax | 3 | 3 | 3 | - | (6) | 3 |
| Amortization and recognition of unrecognized pension cost components, net of tax | - | - | - | - | - | - |
| Other comprehensive income | 8 | 8 | 3 | - | (11) | 8 |
| Comprehensive (loss) income | (191) | (191) | (120) | (142) | 475 | (169) |
| Less: Comprehensive income attributable to noncontrolling interests | - | - | - | 22 | - | 22 |
| Comprehensive (loss) income attributable to Community Health Systems, Inc. stockholders | $ (191) | $ (191) | $ (120) | $ (164) | $ 475 | $ (191) |

## Condensed Consolidating Balance Sheet
## March 31, 2018

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ - | $ - | $ 334 | $ 90 | $ - | $ 424 |
| Patient accounts receivable | - | - | 439 | 2,014 | - | 2,453 |
| Supplies | - | - | 287 | 155 | - | 442 |
| Prepaid income taxes | 17 | - | - | - | - | 17 |
| Prepaid expenses and taxes | - | - | 153 | 55 | - | 208 |
| Other current assets | - | 1 | 130 | 318 | - | 449 |
| Total current assets | 17 | 1 | 1,343 | 2,632 | - | 3,993 |
| Intercompany receivable | - | 13,578 | 4,489 | 7,184 | (25,251) | - |
| Property and equipment, net | - | - | 4,397 | 2,574 | - | 6,971 |
| Goodwill | | | 2,869 | 1,835 | - | 4,704 |
| Deferred income taxes | 64 | - | - | - | - | 64 |
| Other assets, net | - | 51 | 1,635 | 1,024 | (1,131) | 1,579 |
| Net investment in subsidiaries | - | 21,133 | 12,308 | - | (33,441) | - |
| Total assets | $ 81 | $ 34,763 | $ 27,041 | $ 15,249 | $ (59,823) | $ 17,311 |
| **LIABILITIES AND DEFICIT** | | | | | | |
| Current liabilities: | | | | | | |
| Current maturities of long-term debt | $ - | $ - | $ 29 | $ 8 | $ - | $ 37 |
| Accounts payable | - | - | 588 | 304 | - | 892 |
| Accrued interest | - | 229 | - | 2 | - | 231 |
| Accrued liabilities | - | - | 614 | 489 | - | 1,103 |
| Total current liabilities | - | 229 | 1,231 | 803 | - | 2,263 |
| Long-term debt | - | 13,002 | 214 | 639 | - | 13,855 |
| Intercompany payable | 828 | 21,120 | 24,049 | 13,435 | (59,432) | - |
| Deferred income taxes | 19 | - | - | - | - | 19 |
| Other long-term liabilities | 9 | 1,121 | 983 | 370 | (1,131) | 1,352 |
| Total liabilities | 856 | 35,472 | 26,477 | 15,247 | (60,563) | 17,489 |
| Redeemable noncontrolling interests in equity of consolidated subsidiaries | - | - | - | 523 | - | 523 |
| Deficit: | | | | | | |
| Community Health Systems, Inc. stockholders' deficit: | | | | | | |
| Common stock | 1 | - | - | - | - | 1 |
| Additional paid-in capital | 2,014 | 296 | (245) | 1,460 | (1,511) | 2,014 |
| Accumulated other comprehensive loss | (16) | (16) | (9) | (9) | 34 | (16) |
| (Accumulated deficit) retained earnings | (2,774) | (989) | 818 | (2,046) | 2,217 | (2,774) |
| Total Community Health Systems, Inc. stockholders' deficit | (775) | (709) | 564 | (595) | 740 | (775) |
| Noncontrolling interests in equity of consolidated subsidiaries | - | - | - | 74 | - | 74 |
| Total deficit | (775) | (709) | 564 | (521) | 740 | (701) |
| Total liabilities and deficit | $ 81 | $ 34,763 | $ 27,041 | $ 15,249 | $ (59,823) | $ 17,311 |

## Condensed Consolidating Balance Sheet
## December 31, 2017

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ - | $ - | $ 497 | $ 66 | $ - | $ 563 |
| Patient accounts receivable, net of allowance for doubtful accounts | - | - | 355 | 2,029 | - | 2,384 |
| Supplies | - | - | 288 | 156 | - | 444 |
| Prepaid income taxes | 17 | - | - | - | - | 17 |
| Prepaid expenses and taxes | - | - | 146 | 52 | - | 198 |
| Other current assets | - | - | 152 | 310 | - | 462 |
| Total current assets | 17 | - | 1,438 | 2,613 | - | 4,068 |
| Intercompany receivable | - | 13,381 | 5,857 | 7,109 | (26,347) | - |
| Property and equipment, net | - | - | 4,448 | 2,604 | - | 7,052 |
| Goodwill | - | - | 2,882 | 1,841 | - | 4,723 |
| Deferred income taxes | 62 | - | - | - | - | 62 |
| Other assets, net | 15 | 39 | 1,594 | 939 | (1,042) | 1,545 |
| Net investment in subsidiaries | - | 21,717 | 10,890 | - | (32,607) | - |
| Total assets | $ 94 | $ 35,137 | $ 27,109 | $ 15,106 | $ (59,996) | $ 17,450 |
| **LIABILITIES AND DEFICIT** | | | | | | |
| Current liabilities: | | | | | | |
| Current maturities of long-term debt | $ - | $ - | $ 25 | $ 8 | $ - | $ 33 |
| Accounts payable | - | - | 663 | 304 | - | 967 |
| Accrued interest | - | 228 | - | 1 | - | 229 |
| Accrued liabilities | - | - | 644 | 483 | - | 1,127 |
| Total current liabilities | - | 228 | 1,332 | 796 | - | 2,356 |
| Long-term debt | - | 12,998 | 216 | 666 | - | 13,880 |
| Intercompany payable | 833 | 21,582 | 24,028 | 13,310 | (59,753) | - |
| Deferred income taxes | 19 | - | - | - | - | 19 |
| Other long-term liabilities | 9 | 1,018 | 997 | 378 | (1,042) | 1,360 |
| Total liabilities | 861 | 35,826 | 26,573 | 15,150 | (60,795) | 17,615 |
| Redeemable noncontrolling interests in equity of consolidated subsidiaries | - | - | - | 527 | - | 527 |
| Deficit: | | | | | | |
| Community Health Systems, Inc. stockholders' deficit: | | | | | | |
| Common stock | 1 | - | - | - | - | 1 |
| Additional paid-in capital | 2,014 | (252) | 204 | 234 | (186) | 2,014 |
| Accumulated other comprehensive loss | (21) | (21) | (4) | (4) | 29 | (21) |
| (Accumulated deficit) retained earnings | (2,761) | (416) | 336 | (876) | 956 | (2,761) |
| Total Community Health Systems, Inc. stockholders' deficit | (767) | (689) | 536 | (646) | 799 | (767) |
| Noncontrolling interests in equity of consolidated subsidiaries | - | - | - | 75 | - | 75 |
| Total deficit | (767) | (689) | 536 | (571) | 799 | (692) |
| Total liabilities and deficit | $ 94 | $ 35,137 | $ 27,109 | $ 15,106 | $ (59,996) | $ 17,450 |

## Condensed Consolidating Statement of Cash Flows
## Three Months Ended March 31, 2018

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| Net cash provided by (used in) operating activities | $ 26 | $ (58) | $ 38 | $ 100 | $ - | $ 106 |
| Cash flows from investing activities: | | | | | | |
| Acquisitions of facilities and other related businesses | - | - | (3) | (5) | - | (8) |
| Purchases of property and equipment | - | - | (119) | (51) | - | (170) |
| Proceeds from disposition of hospitals and other ancillary operations | - | - | 10 | 1 | - | 11 |
| Proceeds from sale of property and equipment | - | - | - | 3 | - | 3 |
| Purchases of available-for-sale securities and equity securities | - | - | (11) | (8) | - | (19) |
| Proceeds from sales of available-for-sale securities and equity securities | - | - | 28 | 6 | - | 34 |
| Increase in other investments | - | - | (14) | (14) | - | (28) |
| Net cash used in investing activities | - | - | (109) | (68) | - | (177) |
| Cash flows from financing activities: | | | | | | |
| Repurchase of restricted stock shares for payroll tax withholding requirements | (1) | - | - | - | - | (1) |
| Deferred financing costs and other debt-related costs | - | - | (11) | - | - | (11) |
| Redemption of noncontrolling investments in joint ventures | - | - | - | (3) | - | (3) |
| Distributions to noncontrolling investors in joint ventures | - | - | - | (23) | - | (23) |
| Changes in intercompany balances with affiliates, net | (25) | 69 | (91) | 47 | - | - |
| Borrowings under credit agreements | - | - | 10 | - | - | 10 |
| Proceeds from receivables facility | - | - | - | 49 | - | 49 |
| Repayments of long-term indebtedness | - | (11) | - | (78) | - | (89) |
| Net cash (used in) provided by financing activities | (26) | 58 | (92) | (8) | - | (68) |
| Net change in cash and cash equivalents | - | - | (163) | 24 | - | (139) |
| Cash and cash equivalents at beginning of period | - | - | 497 | 66 | - | 563 |
| Cash and cash equivalents at end of period | $ - | $ - | $ 334 | $ 90 | $ - | $ 424 |

## Condensed Consolidating Statement of Cash Flows
## Three Months Ended March 31, 2017

| | Parent Guarantor | Issuer | Other Guarantors | Non - Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | | | (In millions) | | | |
| Net cash (used in) provided by operating activities | $ - | $ (124) | $ 234 | $ 132 | $ - | $ 242 |
| Cash flows from investing activities: | | | | | | |
| Acquisitions of facilities and other related businesses | - | - | (1) | (1) | - | (2) |
| Purchases of property and equipment | - | - | (93) | (53) | - | (146) |
| Purchases of available-for-sale securities and equity securities | - | - | (8) | (4) | - | (12) |
| Proceeds from sales of available-for-sale securities and equity securities | - | - | 20 | 6 | - | 26 |
| Increase in other investments | - | - | (30) | (7) | - | (37) |
| Net cash used in investing activities | - | - | (112) | (59) | - | (171) |
| Cash flows from financing activities: | | | | | | |
| Repurchase of restricted stock shares for payroll tax withholding requirements | (5) | - | - | - | - | (5) |
| Deferred financing costs and other debt-related costs | - | (40) | - | - | - | (40) |
| Proceeds from noncontrolling investors in joint ventures | - | - | - | 5 | - | 5 |
| Redemption of noncontrolling investments in joint ventures | - | - | - | (4) | - | (4) |
| Distributions to noncontrolling investors in joint ventures | - | - | - | (28) | - | (28) |
| Changes in intercompany balances with affiliates, net | 5 | 157 | (132) | (30) | - | - |
| Borrowings under credit agreements | - | 596 | 12 | 2 | - | 610 |
| Issuance of long-term debt | - | 2,200 | - | - | - | 2,200 |
| Proceeds from receivables facility | - | - | - | 26 | - | 26 |
| Repayments of long-term indebtedness | - | (2,789) | (31) | (6) | - | (2,826) |
| Net cash provided by (used in) financing activities | - | 124 | (151) | (35) | - | (62) |
| Net change in cash and cash equivalents | - | - | (29) | 38 | - | 9 |
| Cash and cash equivalents at beginning of period | - | - | 174 | 64 | - | 238 |
| Cash and cash equivalents at end of period | $ - | $ - | $ 145 | $ 102 | $ - | $ 247 |

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

You should read this discussion together with our condensed consolidated financial statements and the accompanying notes included herein.

Throughout this Quarterly Report on Form 10-Q, we refer to Community Health Systems, Inc., or the Parent Company, and its consolidated subsidiaries in a simplified manner and on a collective basis, using words like "we," "our," "us" and the "Company". This drafting style is suggested by the Securities and Exchange Commission, or SEC, and is not meant to indicate that the publicly traded Parent Company or any particular subsidiary of the Parent Company owns or operates any asset, business or property. The hospitals, operations and businesses described in this filing are owned and operated by distinct and indirect subsidiaries of Community Health Systems, Inc.

**Executive Overview**

We are one of the largest publicly traded hospital companies in the United States and a leading operator of general acute care hospitals and outpatient facilities in communities across the country. We provide healthcare services through the hospitals that we own and operate and affiliated businesses in non-urban and selected urban markets throughout the United States. We generate revenues by providing a broad range of general and specialized hospital healthcare services and outpatient services to patients in the communities in which we are located. As of March 31, 2018, we owned or leased 127 hospitals, comprised of 125 general acute care hospitals and two stand-alone rehabilitation or psychiatric hospitals. For the hospitals that we own and operate, we are paid for our services by governmental agencies, private insurers and directly by the patients we serve.

We have been implementing a portfolio rationalization and deleveraging strategy by divesting hospitals and non-hospital businesses that are attractive to strategic and other buyers. Generally, these businesses are not in one of our strategically beneficial service areas, are less complementary to our business strategy and/or have lower operating margins. In connection with our announced divestiture initiative, we have received offers from strategic buyers to buy certain of our assets. After considering these offers, we have divested or may divest hospitals and non-hospital businesses when we find such offers to be attractive and in line with our operating strategy.

**Completed Divestiture and Acquisition Activity**

We completed no hospital divestitures during the three months ended March 31, 2018. The following table provides a summary of hospitals included in continuing operations that we divested during the year ended December 31, 2017:

| Hospital | Buyer | City, State | Licensed Beds | Effective Date |
|---|---|---|---|---|
| Easton Hospital | Steward Health, Inc. | Easton, PA | 196 | May 1, 2017 |
| Sharon Regional Health System | Steward Health, Inc. | Sharon, PA | 258 | May 1, 2017 |
| Northside Medical Center | Steward Health, Inc. | Youngstown, OH | 355 | May 1, 2017 |
| Trumbull Memorial Hospital | Steward Health, Inc. | Warren, OH | 311 | May 1, 2017 |
| Hillside Rehabilitation Hospital | Steward Health, Inc. | Warren, OH | 69 | May 1, 2017 |
| Wuesthoff Health System – Rockledge | Steward Health, Inc. | Rockledge, FL | 298 | May 1, 2017 |
| Wuesthoff Health System – Melbourne | Steward Health, Inc. | Melbourne, FL | 119 | May 1, 2017 |
| Sebastian River Medical Center | Steward Health, Inc. | Sebastian, FL | 154 | May 1, 2017 |
| Stringfellow Memorial Hospital | The Health Care Authority of the City of Anniston | Anniston, AL | 125 | May 1, 2017 |
| Merit Health Gilmore Memorial | Curae Health, Inc. | Amory, MS | 95 | May 1, 2017 |
| Merit Health Batesville | Curae Health, Inc. | Batesville, MS | 112 | May 1, 2017 |
| Lake Area Medical Center | CHRISTUS Health | Lake Charles, LA | 88 | June 30, 2017 |
| Memorial Hospital of York | PinnacleHealth System | York, PA | 100 | July 1, 2017 |
| Lancaster Regional Medical Center | PinnacleHealth System | Lancaster, PA | 214 | July 1, 2017 |
| Heart of Lancaster Regional Medical Center | PinnacleHealth System | Lititz, PA | 148 | July 1, 2017 |
| Carlisle Regional Medical Center | PinnacleHealth System | Carlisle, PA | 165 | July 1, 2017 |
| Tomball Regional Medical Center | HCA Holdings, Inc., or HCA | Tomball, TX | 350 | July 1, 2017 |
| South Texas Regional Medical Center | HCA | Jourdanton, TX | 67 | July 1, 2017 |
| Deaconess Hospital | MultiCare Health System | Spokane, WA | 388 | July 1, 2017 |
| Valley Hospital | MultiCare Health System | Spokane Valley, WA | 123 | July 1, 2017 |
| Yakima Regional Medical and Cardiac Center | Regional Health | Yakima, WA | 214 | September 1, 2017 |
| Toppenish Community Hospital | Regional Health | Toppenish, WA | 63 | September 1, 2017 |
| Weatherford Regional Medical Center | HCA | Weatherford, TX | 103 | October 1, 2017 |
| Brandywine Hospital | Reading Health System | Coatesville, PA | 169 | October 1, 2017 |
| Chestnut Hill Hospital | Reading Health System | Philadelphia, PA | 148 | October 1, 2017 |
| Jennersville Hospital | Reading Health System | West Grove, PA | 63 | October 1, 2017 |
| Phoenixville Hospital | Reading Health System | Phoenixville, PA | 151 | October 1, 2017 |
| Pottstown Memorial Medical Center | Reading Health System | Pottstown, PA | 232 | October 1, 2017 |
| Highlands Regional Medical Center | HCA | Sebring, FL | 126 | November 1, 2017 |
| Merit Health Northwest Mississippi | Curae Health, Inc. | Clarksdale, MS | 181 | November 1, 2017 |

On January 31, 2018, we signed a definitive agreement for the sale of Tennova Healthcare – Jamestown (85 licensed beds) in Jamestown, Tennessee, and its associated assets to subsidiaries of Rennova Health, Inc.

On February 14, 2018, we signed a definitive agreement for the sale of Byrd Regional Hospital (60 licensed beds) in Leesville, Louisiana, and its associated assets to subsidiaries of Allegiance Health Management.

Effective April 1, 2018, we sold Bayfront Health Dade City (120 licensed beds) in Dade City, Florida, and its associated assets to subsidiaries of Adventist Health System for approximately $9 million in cash, which was received at the preliminary closing on March 30, 2018.

On April 18, 2018, we signed a definitive agreement for the sale of Munroe Regional Medical Center (421 licensed beds) in Ocala, Florida, and its associated assets to subsidiaries of Adventist Health System.

During 2017, as reflected in the chart above, we completed the divestiture of all of the hospitals out of the previously announced 30 hospitals included in continuing operations which had been subject to definitive agreements or non-binding letters of intent. These 30 hospitals represented annual net operating revenues in 2016 of approximately $3.4 billion, and we received total net proceeds of approximately $1.7 billion in connection with the disposition of these hospitals.

In addition to the divestiture of these 30 hospitals in 2017, we continue to receive interest from potential buyers for certain of our hospitals. We are pursuing these interests for sale transactions involving hospitals which, together with the hospitals that are currently subject to definitive agreements and the hospital that was divested effective April 1, 2018, had a combined total of approximately $2.0 billion in annual net operating revenues and combined mid-single digit Adjusted EBITDA margins during 2017. These sale transactions are currently in various stages of negotiation with potential buyers. There can be no assurance that these potential divestitures (or the potential divestitures currently subject to definitive agreements) will be completed, or if they are completed, the ultimate timing of the completion of these divestitures.

There may be changes from time to time in the composition of the particular hospitals in respect of which we are pursuing potential divestitures as the result of various factors, including changes in any potential buyer or the negotiations with respect to the potential sale of any such hospital. The potential divestitures noted above, as well as the divestitures that were completed in 2017 and the divestitures that are currently subject to definitive agreements and/or that have been completed in 2018 to date, are intended to further implement our portfolio rationalization and deleveraging strategy as described above. When consistent with this strategy, we intend to continue to evaluate offers from potential buyers for additional divestitures in order to optimize our hospital asset portfolio.

Operating results and statistical data for the three months ended March 31, 2017, exclude hospitals still owned and hospitals divested during the three months ended March 31, 2017, that were previously classified as discontinued operations for accounting purposes.

During the three months ended March 31, 2018, we paid approximately $8 million to acquire the operating assets and related businesses of certain physician practices, clinics and other ancillary businesses that operate within the communities served by our hospitals.

**Overview of Operating Results**

Our net operating revenues for the three months ended March 31, 2018 decreased $797 million to approximately $3.7 billion compared to approximately $4.5 billion for the three months ended March 31, 2017. On a same-store basis, net operating revenues for the three months ended March 31, 2018 increased $57 million.

We had a loss from continuing operations of $6 million during the three months ended March 31, 2018, compared to a loss from continuing operations of $176 million for the three months ended March 31, 2017. Loss from continuing operations for the three months ended March 31, 2018 included the following:

- an after-tax charge of $4 million for government and other legal settlements, net of related legal expenses,
- an after-tax charge of $27 million for the impairment of goodwill and long-lived assets of hospitals sold or held for sale based on their estimated fair values,
- an after-tax charge of $1 million for employee termination benefits and other restructuring costs,
- an after-tax charge of $3 million for loss from early extinguishment of debt, and
- an after-tax charge of $4 million from fair value adjustments on the CVR agreement liability accounted for at fair value related to the HMA legal proceedings, and related legal expenses.

Loss from continuing operations for the three months ended March 31, 2017 included the following:

- after-tax income of $26 million for government and other legal settlements, net of related legal expenses, primarily as a result of the previously announced settlement of the shareholder derivative action in January 2017,
- an after-tax charge of $214 million for the impairment of goodwill and long-lived assets of hospitals sold or held for sale based on their estimated fair values,
- an after-tax charge of $13 million for loss from early extinguishment of debt, and
- an after-tax charge of $5 million from fair value adjustments on the CVR agreement liability accounted for at fair value related to the HMA legal proceedings, and related legal expenses.

Consolidated inpatient admissions for the three months ended March 31, 2018, decreased 19.6%, compared to the three months ended March 31, 2017, and consolidated adjusted admissions for the three months ended March 31, 2018, decreased 20.8%, compared to the three months ended March 31, 2017. Same-store inpatient admissions for the three months ended March 31, 2018, decreased 2.4%, compared to the three months ended March 31, 2017, and same-store adjusted admissions for the three months ended March 31, 2018, decreased 1.9%, compared to the three months ended March 31, 2017.

Self-pay revenues represented approximately 2.2% and 3.1% of net operating revenues for the three months ended March 31, 2018 and 2017, respectively. The amount of foregone revenue related to providing charity care services as a percentage of net operating revenues was approximately 3.1% and 2.6% for the three months ended March 31, 2018 and 2017, respectively. Direct and indirect costs incurred in providing charity care services as a percentage of net operating revenues was approximately 0.4% and 0.3% for the three months ended March 31, 2018 and 2017, respectively.

The U.S. Congress and certain state legislatures have introduced and passed a large number of proposals and legislation designed to make major changes in the healthcare system, including changes that have increased access to health insurance. The most prominent of these recent efforts, the Affordable Care Act, affects how healthcare services are covered, delivered and reimbursed. It mandates that substantially all U.S. citizens maintain health insurance and increases health insurance coverage through a combination of public program expansion and private sector health insurance reforms.

However, the future of the Affordable Care Act is uncertain. The current Presidential administration and certain members of Congress have stated their intent to repeal or make significant changes to the Affordable Care Act, its implementation or its interpretation. For example, as part of the tax reform legislation which was enacted in December 2017, Congress eliminated the financial penalty associated with the individual mandate, effective January 1, 2019, which may result in fewer individuals electing to purchase health insurance. In addition, the President signed an executive order directing agencies to relax limits on certain health plans, potentially permitting the sale of short-term health insurance plans and coverage that does not meet the Affordable Care Act's minimum requirements. Of critical importance to us will be the potential impact of any changes specific to the Medicaid funding and expansion provisions of the Affordable Care Act. We operate hospitals in five of the ten states that experienced the largest reductions in uninsured rates among adult residents between 2013 and 2015. In general, the states with the greatest reductions in the number of uninsured adult residents have expanded Medicaid. A number of states have opted out of the Medicaid coverage expansion provisions, but could ultimately decide to expand their programs at a later date. Of the 20 states in which we operated hospitals that were included in continuing operations as of March 31, 2018, nine states have taken action to expand their Medicaid programs. At this time, the other 11 states have not, including Florida, Alabama, Tennessee and Texas, where we operated a significant number of hospitals as of March 31, 2018. Some states use, or have applied to use, waivers granted by CMS to implement expansion, impose different eligibility or enrollment restrictions, or otherwise implement programs that vary from federal standards. CMS administrators have indicated that they are increasing state flexibility in the administration of Medicaid programs. For example, CMS has granted a limited number of state applications for waivers that allow a state to condition Medicaid enrollment on work or other community engagement. Several states have similar applications pending.

The Affordable Care Act makes a number of changes to Medicare and Medicaid, such as reductions to the Medicare annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the Medicare market basket update, and a reduction to the Medicare and Medicaid disproportionate share hospital payments, each of which could adversely impact the reimbursement received under these programs. The Affordable Care Act also includes provisions aimed at reducing fraud, waste and abuse in the healthcare industry.

We believe that the Affordable Care Act has had a positive impact on net operating revenues and income from continuing operations as the result of the expansion of private sector and Medicaid coverage that has occurred. However, legislative and executive branch efforts related to healthcare reform could result in increased prices for consumers purchasing health insurance coverage or the sale of insurance plans that contain gaps in coverage, which could destabilize insurance markets and impact the rates of uninsured or underinsured adults. Other provisions of the Affordable Care Act, such as requirements related to employee health insurance coverage and changes to Medicare and Medicaid reimbursement, have increased our operating costs or adversely impacted the reimbursement we receive.

It is difficult to predict the ongoing effect of the Affordable Care Act due to executive orders, changes to the law's implementation, clarifications and modifications resulting from the rule-making process, judicial interpretations resulting from court challenges to its constitutionality and interpretation, whether and how many states ultimately decide to expand Medicaid coverage, the number of uninsured who elect to purchase health insurance coverage, budgetary issues at federal and state levels, and efforts to change or repeal the statute. We may not be able to fully realize the positive impact the Affordable Care Act may otherwise have on our business, results of operations, cash flow, capital resources and liquidity. We cannot predict whether we will be able to modify certain aspects of our operations to offset any potential adverse consequences from the Affordable Care Act or the impact of any alternative provisions that may be adopted.

In recent years, a number of laws, including the Affordable Care Act and MACRA, have promoted shifting from traditional fee-for-service reimbursement models to alternative payment models that tie reimbursement to quality and cost of care. CMS currently administers various ACOs and bundled payment demonstration projects and has indicated that it will continue to pursue similar initiatives.

The federal government has implemented a number of regulations and programs designed to promote the use of EHR technology and pursuant to the Health Information Technology for Economic and Clinical Health Act, or HITECH, established requirements for a Medicare and Medicaid incentive payments program for eligible hospitals and professionals that adopt and meaningfully use certified EHR technology. These payments are available for a maximum period of five or six years, depending on the program. Our hospital facilities have been implementing EHR technology on a facility-by-facility basis since 2011. We recognize incentive reimbursement related to the Medicare or Medicaid incentives as we are able to implement the certified EHR technology and meet the defined "meaningful use criteria," and information from completed cost report periods is available from which to calculate the incentive reimbursement. The timing of recognizing incentive reimbursement does not correlate with the timing of recognizing operating expenses and incurring capital costs in connection with the implementation of EHR technology which may result in material period-to-period changes in our future results of operations.

Eligible hospitals and professionals that have not demonstrated meaningful use of certified EHR technology and have not applied and qualified for a hardship exception are subject to payment adjustments. Eligible hospitals are subject to a reduced market basket update to the inpatient prospective payment system standardized amount as of 2015 and for each subsequent fiscal year. Eligible professionals are subject to a 1% per year cumulative reduction applied to the MPFS amount for covered professional services, subject to a cap of 5%. Payment adjustments for eligible professionals failing to demonstrate meaningful use will no longer be applicable beginning in 2019, when the program is scheduled to be replaced by MIPS.

As a result of our current levels of cash, available borrowing capacity, long-term outlook on our debt repayments, the refinancing of our term loans and our continued projection of our ability to generate cash flows, we anticipate that we will be able to invest the necessary capital in our business over the next twelve months. We believe there continues to be ample opportunity for growth in substantially all of our markets by decreasing the need for patients to travel outside their communities for healthcare services through the provision of services at our facilities. Furthermore, we will continue to strive to improve operating efficiencies and procedures in order to improve our profitability at our hospitals.

**Sources of Revenue**

The following table presents the approximate percentages of net operating revenues by payor source for the periods indicated. The data for the periods presented are not strictly comparable due to the effect that hospital acquisitions and divestitures have had on these statistics.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Medicare | 28.0% | 27.5% |
| Medicaid | 12.4 | 13.1 |
| Managed Care and other third-party payors | 57.4 | 56.3 |
| Self-pay | 2.2 | 3.1 |
| Total | 100.0% | 100.0% |

As shown above, we receive a substantial portion of our revenues from the Medicare and Medicaid programs. Included in Managed Care and other third-party payors is operating revenues from insurance companies with which we have insurance provider contracts, Medicare managed care, insurance companies for which we do not have insurance provider contracts, workers' compensation carriers and non-patient service revenue, such as rental income and cafeteria sales. In the future, we generally expect revenues received from the Medicare and Medicaid programs to increase due to the general aging of the population. In addition, the Affordable Care Act has increased the number of insured patients in states that have expanded Medicaid, which in turn, has reduced the percentage of revenues from self-pay patients. However, it is unclear whether the trend of increased coverage will continue, due in part to the elimination of the financial penalty associated with the individual mandate, effective January 1, 2019. Further, the Affordable Care Act imposes significant reductions in amounts the government pays Medicare managed care plans. The trend toward increased enrollment in Medicare managed care may adversely affect our operating revenue growth. Other provisions in the Affordable Care Act impose minimum medical-loss ratios and require insurers to meet specific benefit requirements. Furthermore, in the normal course of business, managed care programs, insurance companies and employers actively negotiate the amounts paid to hospitals. The trend toward increased enrollment in managed care may adversely affect our operating revenue growth. There can be no assurance that we will retain our existing reimbursement arrangements or that these third-party payors will not attempt to further reduce the rates they pay for our services.

Net operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems and provisions of cost-based reimbursement and other payment methods. In addition, we are reimbursed by non-governmental payors using a variety of payment methodologies. Amounts we receive for the treatment of patients covered by Medicare, Medicaid and non-governmental payors are generally less than the standard billing rates. We account for the differences between the estimated program reimbursement rates and the standard billing rates as contractual allowance adjustments, which we deduct from gross revenues to arrive at net operating revenues. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. We account for adjustments to previous program reimbursement estimates as contractual allowance adjustments and report them in the periods that such adjustments become known. Contractual allowance adjustments related to final settlements and previous program reimbursement estimates impacted net operating revenues and net loss by an insignificant amount in each of the three-month periods ended March 31, 2018 and 2017.

The payment rates under the Medicare program for hospital inpatient and outpatient acute care services are based on a prospective payment system, depending upon the diagnosis of a patient's condition. These rates are indexed for inflation annually, although increases have historically been less than actual inflation. On August 2, 2017, CMS issued the final rule to increase this index by 2.7% for hospital inpatient acute care services that are reimbursed under the prospective payment system, beginning October 1, 2017. The final rule provides for a 0.6% multifactor productivity reduction and a 0.75% reduction to hospital inpatient rates implemented pursuant to the Affordable Care Act, which, together with other payment adjustments, will yield an estimated net 1.3% increase in reimbursement for hospitals. An additional reduction applies to hospitals that do not submit required patient quality data. We are complying with this data submission requirement. Further, CMS has indicated that Medicare disproportionate share payments and changes to additional uncompensated care payments will increase overall inpatient hospital payment rates by approximately 0.6%. Payments may also be affected by admission and medical review criteria for inpatient services commonly known as the "two midnight rule." Under the rule, for admissions on or after October 1, 2013, services to Medicare beneficiaries are only payable as inpatient hospital services when there is a reasonable expectation that the hospital care is medically necessary and will be required across two

midnights, absent unusual circumstances. Stays expected to need less than two midnights of hospital care are subject to medical review on a case-by-case basis. Reductions in the rate of increase or overall reductions in Medicare reimbursement may cause a decline in the growth of our net operating revenues.

Currently, several states utilize supplemental reimbursement programs for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients. These programs are designed with input from CMS and are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. Similar programs are also being considered by other states. The programs are generally authorized for a specified period of time and require CMS's approval to be extended. CMS has indicated that it will take into account a state's status with respect to expanding its Medicaid program in considering whether to extend these supplemental programs. We are unable to predict whether or on what terms CMS will extend the supplemental programs in the states in which we operate. As a result of existing supplemental programs, we recognize revenue and related expenses in the period in which the fixed and determinable amounts are estimable and collection is reasonably assured. Reimbursement under these programs is reflected in net operating revenues and included as Medicaid revenue in the table above, and fees, taxes or other program related costs are reflected in other operating expenses.

**Results of Operations**

Our hospitals offer a variety of services involving a broad range of inpatient and outpatient medical and surgical services. These include general acute care, emergency room, general and specialty surgery, critical care, internal medicine, obstetrics, diagnostic services, psychiatric and rehabilitation services. The strongest demand for hospital services generally occurs during January through April and the weakest demand for these services generally occurs during the summer months. Accordingly, eliminating the effects of new acquisitions and/or divestitures, our net operating revenues and earnings are historically highest during the first quarter and lowest during the third quarter.

The following tables summarize, for the periods indicated, selected operating data.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Operating results, as a percentage of net operating revenues: | | |
| Net operating revenues | 100.0% | 100.0% |
| Operating expenses (a) | (88.6) | (87.5) |
| Depreciation and amortization | (4.9) | (5.3) |
| Impairment and (gain) loss on sale of businesses, net | (0.8) | (5.6) |
| Income from operations | 5.7 | 1.6 |
| Interest expense, net | (6.2) | (5.1) |
| Loss from early extinguishment of debt | (0.1) | (0.5) |
| Equity in earnings of unconsolidated affiliates | 0.2 | 0.1 |
| Loss from continuing operations before income taxes | (0.4) | (3.9) |
| Benefit from income taxes | 0.2 | - |
| Loss from continuing operations | (0.2) | (3.9) |
| Loss from discontinued operations, net of taxes | - | - |
| Net loss | (0.2) | (3.9) |
| Less: Net income attributable to noncontrolling interests | (0.5) | (0.5) |
| Net loss attributable to Community Health Systems, Inc. stockholders | (0.7)% | (4.4)% |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Percentage (decrease) increase from prior year: | | |
| Net operating revenues | (17.8)% | (10.3)% |
| Admissions | (19.6) | (11.5) |
| Adjusted admissions (b) | (20.8) | (12.5) |
| Average length of stay | - | 2.2 |
| Net loss attributable to Community Health Systems, Inc. (c) | 87.4 | (1,909.1) |
| Same-store percentage increase (decrease) from prior year (d): | | |
| Net operating revenues | 1.6% | 0.7% |
| Admissions | (2.4) | (1.5) |
| Adjusted admissions (b) | (1.9) | (1.4) |

(a) Operating expenses include salaries and benefits, supplies, other operating expenses, government and other legal settlements and related costs, electronic health records incentive reimbursement and rent.

(b) Adjusted admissions is a general measure of combined inpatient and outpatient volume. We computed adjusted admissions by multiplying admissions by gross patient revenues and then dividing that number by gross inpatient revenues.

(c) Includes loss from discontinued operations.

(d) Includes acquired hospitals to the extent we operated them in both periods and excludes our hospitals that have previously been classified as discontinued operations for accounting purposes. In addition, also excludes information for the hospitals sold or closed during 2017.

**Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017**

Net operating revenues decreased by 17.8% to approximately $3.7 billion for the three months ended March 31, 2018, from approximately $4.5 billion for the three months ended March 31, 2017. Net operating revenues from same-store hospitals increased $57 million or 1.6% during the three months ended March 31, 2018, as compared to the three months ended March 31, 2017. The increase in same-store net operating revenues was attributable to improved pricing due to higher acuity, offset by a decline in inpatient admissions and adjusted admissions. Non-same-store net operating revenues decreased $854 million during the three months ended March 31, 2018, in comparison to the prior year period, with the decrease attributable primarily to the divestiture of 30 hospitals during 2017. On a consolidated basis, inpatient admissions decreased by 19.6% and adjusted admissions decreased by 20.8% during the three months ended March 31, 2018 as compared to the three months ended March 31, 2017. On a same-store basis, net operating revenues per adjusted admission increased 3.5%, while inpatient admissions decreased by 2.4% and adjusted admissions decreased by 1.9% for the three months ended March 31, 2018, compared to the three months ended March 31, 2017.

Operating expenses, as a percentage of net operating revenues, decreased from 98.4% during the three months ended March 31, 2017 to 94.3% during the three months ended March 31, 2018. Operating expenses, excluding depreciation and amortization and impairment and (gain) loss on sale of businesses, as a percentage of net operating revenues, increased from 87.5% for the three months ended March 31, 2017 to 88.6% for the three months ended March 31, 2018. Salaries and benefits, as a percentage of net operating revenues, decreased from 45.9% for the three months ended March 31, 2017 to 44.7% for the three months ended March 31, 2018. This decrease in salaries and benefits, as a percentage of net operating revenues, was primarily due to improved staffing and benefit expense management. Supplies, as a percentage of net operating revenues, remained consistent at 16.7% for both the three-month periods ended March 31, 2018 and 2017. Other operating expenses, as a percentage of net operating revenues, increased from 23.5% for the three months ended March 31, 2017 to 24.7% for the three months ended March 31, 2018, primarily as a result of higher medical specialist fees, an increase in purchased services and higher information systems expense. Government and other legal settlements and related costs, as a percentage of net operating revenues, increased from income of (0.9)% for the three months ended March 31, 2017 to expense of 0.1% for the three months ended March 31, 2018 primarily as a result of the gain recorded from the settlement of the shareholder derivative action in January 2017. Rent, as a percentage of net operating revenues, remained consistent at 2.4% for both the three-month periods ended March 31, 2018 and 2017.

Depreciation and amortization, as a percentage of net operating revenues, decreased from 5.3% for the three months ended March 31, 2017 to 4.9% for the three months ended March 31, 2018, primarily due to ceasing depreciation on property and equipment at hospitals sold or held for sale.

Impairment and (gain) loss on sale of businesses was $28 million for the three months ended March 31, 2018, compared to $250 million for the three months ended March 31, 2017. Impairment of goodwill and long-lived assets for the three months ended March 31, 2018 included impairment of approximately $28 million related to impairment of the long-lived assets and reporting unit goodwill allocated to hospitals classified as held for sale during the three months ended March 31, 2018. Impairment of goodwill and long-lived assets for the three months ended March 31, 2017 included impairment of approximately $250 million related to the impairment of the long-lived assets and reporting unit goodwill allocated to hospitals classified as held for sale during the three months ended March 31, 2017.

Interest expense, net, decreased by $1 million to $228 million for the three months ended March 31, 2018 compared to $229 million for the three months ended March 31, 2017, primarily due to a decrease in our average outstanding debt during the three months ended March 31, 2018, which resulted in a decrease in interest expense of $23 million. Additionally, a decrease in interest expense of $1 million for the three months ended March 31, 2018 is a result of more interest being capitalized as compared to the same period in 2017 because of an increase in major construction projects during the three months ended March 31, 2018. These decreases were partially offset by an increase in interest rates during the three months ended March 31, 2018, compared to the same period in 2017, which resulted in an increase in interest expense of $23 million.

Loss from early extinguishment of debt of $4 million was recognized during the three months ended March 31, 2018. Loss from early extinguishment of debt of $21 million was recognized during the three months ended March 31, 2017. The loss from early extinguishment of debt resulted from the repayment of certain outstanding notes and term loans under the Credit Facility as discussed further in Capital Resources.

Equity in earnings of unconsolidated affiliates, as a percentage of net operating revenues, increased from 0.1% for the three months ended March 31, 2017 to 0.2% for the three months ended March 31, 2018.

The net results of the above-mentioned changes resulted in loss from continuing operations before income taxes decreasing $163 million from loss of $176 million for the three months ended March 31, 2017 to loss of $13 million for the three months ended March 31, 2018.

The provision for income taxes on loss from continuing operations decreased from less than $1 million for the three months ended March 31, 2017 to a benefit from income taxes of $7 million for the three months ended March 31, 2018, primarily due to the release of a state valuation allowance of approximately $15 million as a result of an enacted tax law change partially offset by approximately $4 million of tax expense recognized on the tax deficiency from stock compensation expense for restricted stock vesting during the three months ended March 31, 2018. Our effective tax rates were 53.8% and less than 0.1% for the three months ended March 31, 2018 and 2017, respectively. The increase in our effective tax rate for the three months ended March 31, 2018, when compared to the three months ended March 31, 2017, was primarily due to the discrete items noted above, as well as the reduction in the amount of non-deductible goodwill written off as part of the impairment and gain (loss) on sale of businesses for the three months ended March 31, 2018 compared to the three months ended March 31, 2017, and a disproportionate increase in income from continuing operations before income taxes when compared to the decrease in net income attributable to noncontrolling interest for those same periods, which is not tax affected in our condensed consolidated financial statements.

Loss from continuing operations, as a percentage of net operating revenues, decreased from (3.9)% for the three months ended March 31, 2017 to (0.2)% for the three months ended March 31, 2018.

No discontinued operations were reported for the three months ended March 31, 2018. Discontinued operations include the results of operations of certain hospitals owned or leased by us as of March 31, 2017, which were classified as being held for sale or sold. The operation of these hospitals resulted in a loss, net of taxes, of $1 million for the three months ended March 31, 2017.

Net loss, as a percentage of net operating revenues, decreased from (3.9)% for the three months ended March 31, 2017 to (0.2)% for the three months ended March 31, 2018.

Net income attributable to noncontrolling interests, as a percentage of net operating revenues, remained consistent at 0.5% for both the three-month periods ended March 31, 2017 and 2018.

Net loss attributable to Community Health Systems, Inc. was $25 million for the three months ended March 31, 2018, compared to $199 million for the three months ended March 31, 2017.

**Liquidity and Capital Resources**

Net cash provided by operating activities decreased $136 million, from approximately $242 million for the three months ended March 31, 2017, to approximately $106 million for the three months ended March 31, 2018. The decrease in cash provided by operating activities was primarily the result of a decline in cash flow from patient accounts receivable collections and net cash paid related to government settlements and related legal costs, as well as the loss of cash flow contributed from previously divested hospitals and a decrease in cash received from HITECH incentive reimbursement. Such decreases were offset by improvements in cash flow from supplies, prepaid expenses and other current assets and lower malpractice claim payments compared to the same period in 2017. Total cash paid for interest during the three months ended March 31, 2018 decreased to approximately $212 million compared to $279 million for the three months ended March 31, 2017, which is primarily related to the decrease in the average outstanding debt balance. Cash paid for income taxes, net of refunds received, resulted in a net refund of less than $1 million for the three months ended March 31, 2018, compared to less than $1 million paid for income taxes for the three months ended March 31, 2017.

Net cash used in investing activities increased $6 million, from approximately $171 million for the three months ended March 31, 2017 to approximately $177 million for the three months ended March 31, 2018. The increase in cash used in investing activities was primarily due to an increase in the cash used in the purchase of property and equipment of $24 million and an increase of $6 million in the cash used in the acquisition of facilities and other related equipment (for physician practices, clinics and other ancillary businesses as there were no hospital acquisitions during either the three months ended March 31, 2018 or 2017). These increases in cash outflows were offset by an increase in proceeds from the disposition of hospitals and other ancillary operations of $11 million, an increase in the proceeds from the sale of property and equipment of $3 million, an increase in cash provided by the net impact of the purchases and sales of available-for-sale securities and equity securities of $1 million and a decrease in cash used for other investments (primarily from internal-use software expenditures and physician recruiting costs) of $9 million for the three months ended March 31, 2018 compared to the same period in 2017.

Our net cash used in financing activities was $68 million for the three months ended March 31, 2018, compared to $62 million for the three months ended March 31, 2017, an increase of approximately $6 million. The increase in cash used in financing activities, in comparison to the prior year period, is primarily due to the net effect of our debt repayment, refinancing activity, and cash paid for deferred financing costs and other debt-related costs.

There have been no material changes outside of the ordinary course of business to our upcoming cash obligations during the three months ended March 31, 2018 from those disclosed in our 2017 Form 10-K, other than arising from the Fourth Amendment and Restatement Agreement to the Credit Facility (as discussed further in Capital Resources below).

***Capital Expenditures***

Cash expenditures for purchases of facilities and other related businesses were $8 million for the three months ended March 31, 2018, compared to $2 million for the three months ended March 31, 2017. Our expenditures for the three months ended March 31, 2018 and 2017 were related to the purchase of physician practices and other ancillary services.

Excluding the cost to construct replacement hospitals, our cash expenditures for routine capital for the three months ended March 31, 2018 totaled $170 million compared to $141 million for the three months ended March 31, 2017. These capital expenditures related primarily to the purchase of additional equipment, minor renovations and information systems infrastructure. Costs to construct replacement hospitals totaled less than $1 million for the three months ended March 31, 2018, compared to $5 million for the three months ended March 31, 2017. The costs to construct replacement hospitals for the three months ended March 31, 2018 represent both planning and construction costs for the replacement facility at La Porte, Indiana. The costs to construct replacement hospitals for the three months ended March 31, 2017 represent both planning and construction costs for the replacement hospital in York, Pennsylvania. In conjunction with the sale of Memorial Hospital of York on July 1, 2017, we no longer have any planned costs to construct this replacement hospital.

Pursuant to a hospital purchase agreement from our March 1, 2016 acquisition of La Porte Hospital and Starke Hospital, we committed to build replacement facilities in both La Porte, Indiana and Knox, Indiana. Under the terms of such agreement, construction of the replacement hospital for LaPorte Hospital is required to be completed within five years of the date of acquisition, or March 2021. In addition, construction of the replacement facility for Starke Hospital is required to be completed within five years

of the date we enter into a new lease with Starke County, Indiana, the hospital lessor, or in the event we do not enter into a new lease with Starke County, construction shall be completed by September 30, 2026. We have not entered into a new lease with the lessor for Starke Hospital and currently anticipate completing construction of the Starke Hospital replacement facility in 2026. Construction costs, including equipment costs, for the La Porte and Starke replacement facilities are currently estimated to be approximately $125 million and $15 million, respectively.

***Capital Resources***

Net working capital was approximately $1.7 billion at both March 31, 2018 and December 31, 2017. Net working capital increased by approximately $18 million between December 31, 2017 and March 31, 2018. This increase is primarily due to the increase in estimated accounts receivable and the decrease in accounts payable during the three months ended March 31, 2018.

We have senior secured financing under a credit facility with a syndicate of financial institutions led by Credit Suisse, as administrative agent and collateral agent, which at December 31, 2017 included (i) a revolving credit facility with commitments through January 27, 2019 of approximately $929 million, of which a $739 million portion represented extended commitments maturing January 27, 2021, or the Revolving Facility, (ii) a Term G facility due 2019, or the Term G Facility, and (iii) a Term H facility due 2021, or the Term H Facility. The Revolving Facility includes a subfacility for letters of credit.

As of March 31, 2018, the availability for additional borrowings under the Credit Facility, subject to certain limitations as set forth in the Credit Facility, was approximately $650 million pursuant to the Revolving Facility (which would be reduced to $425 million upon the effectiveness of the contemplated ABL Facility as described below), of which $57 million is in the form of outstanding letters of credit. CHS has the ability to amend the Credit Facility to provide for one or more tranches of term loans or increases in the Revolving Facility in an aggregate principal amount of up to $500 million. As of March 31, 2018, the weighted-average interest rate under the Credit Facility, excluding swaps, was 5.6%.

The loans under the Credit Facility bear interest on the outstanding unpaid principal amount at a rate equal to an applicable percentage plus, at our option, either (a) an Alternate Base Rate (as defined) determined by reference to the greater of (1) the Prime Rate (as defined) announced by Credit Suisse or (2) the NYFRB Rate (as defined) plus 0.50% or (3) the adjusted LIBOR rate on such day for a three-month interest period commencing on the second business day after such day plus 1% or (b) LIBOR. In addition, the margin in respect of the Revolving Facility will be subject to adjustment determined by reference to a leverage-based pricing grid. Loans in respect of the Revolving Facility currently accrue interest at a rate per annum equal to LIBOR plus 2.50%, in the case of LIBOR borrowings, and Alternate Base Rate plus 1.50%, in the case of Alternate Base Rate borrowings. Prior to the Credit Facility amendment discussed below, the Term G Loan and Term H Loan accrued interest at a rate per annum equal to LIBOR plus 2.75% and 3.00%, respectively, in the case of LIBOR borrowings, and Alternate Base Rate plus 1.75% and 2.00%, respectively, in the case of Alternate Base Rate borrowings. The Term G Loan and the Term H Loan are subject to a 1.00% LIBOR floor and a 2.00% Alternate Base Rate floor.

Under the Term H Facility, we are required to make amortization payments in aggregate amounts equal to 1% of the original principal amount of the Term H Facility each year. As of December 31, 2016, no additional amortization payments were required to be made under the Term G Facility.

The term loan facility must be prepaid in an amount equal to (1) 100% of the net cash proceeds of certain asset sales and dispositions by us and our subsidiaries, subject to certain exceptions and reinvestment rights (as further described below), (2) 100% of the net cash proceeds of issuances of certain debt obligations or receivables-based financing by us and our subsidiaries, subject to certain exceptions, and (3) 75%, subject to reduction to a lower percentage based on our first lien net leverage ratio (as defined in the Credit Facility generally as the ratio of first lien net debt on the date of determination to our consolidated EBITDA, as defined, for the four quarters most recently ended prior to such date), of excess cash flow (as defined) for any year, subject to certain exceptions. Voluntary prepayments and commitment reductions are permitted in whole or in part, without any premium or penalty, subject to minimum prepayment or reduction requirements.

The borrower under the Credit Facility is our wholly-owned subsidiary CHS/Community Health Systems, Inc., or CHS. All of our obligations under the Credit Facility are unconditionally guaranteed by Community Health Systems, Inc. and certain of its existing and subsequently acquired or organized domestic subsidiaries. All obligations under the Credit Facility and the related guarantees are secured by a perfected first priority lien or security interest in substantially all of the assets of Community Health Systems, Inc., CHS and each subsidiary guarantor, including equity interests held by us or any subsidiary guarantor, but excluding, among others, the equity interests of non-significant subsidiaries, syndication

subsidiaries, securitization subsidiaries and joint venture subsidiaries. Such assets constitute substantially the same assets, subject to certain exceptions, that secure CHS' obligations under its outstanding senior secured notes.

We have agreed to pay letter of credit fees equal to the applicable percentage then in effect with respect to LIBOR borrowings under the Revolving Facility times the maximum aggregate amount available to be drawn under all letters of credit outstanding under the subfacility for letters of credit. The issuer of any letter of credit issued under the subfacility for letters of credit will also receive a customary fronting fee and other customary processing charges. We are obligated to pay commitment fees of 0.50% per annum (subject to adjustment based upon our leverage ratio), on the unused portion of the Revolving Facility.

The Credit Facility contains customary representations and warranties, subject to limitations and exceptions, and customary covenants restricting our and our subsidiaries' ability, subject to certain exceptions, to, among other things, (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments and enter into acquisitions and joint ventures, (5) incur additional indebtedness or provide certain guarantees, (6) make capital expenditures, (7) engage in mergers, acquisitions and asset sales, (8) conduct transactions with affiliates, (9) alter the nature of our businesses, (10) grant certain guarantees with respect to physician practices, (11) engage in sale and leaseback transactions or (12) change our fiscal year. We and our subsidiaries are also required to comply with specified financial covenants (consisting of a maximum first lien net debt to consolidated EBITDA leverage ratio) and various affirmative covenants. Under the Credit Facility, the first lien net debt to consolidated EBITDA leverage ratio is calculated as the ratio of total first lien debt, less unrestricted cash and cash equivalents, to consolidated EBITDA, as defined in the Credit Facility. The calculation of consolidated EBITDA as defined in the Credit Facility is a trailing 12-month calculation that begins with net income attributable to us, with certain pro forma adjustments to consider the impact of material acquisitions or divestitures, and adjustments for interest, taxes, depreciation and amortization, net income attributable to noncontrolling interests, stock compensation expense, restructuring costs, and the financial impact of other non-cash or non-recurring items recorded during any such 12-month period. For the 12-month period ended March 31, 2018, the first lien net debt to consolidated EBITDA leverage ratio financial covenant under the Credit Facility limited the ratio of first lien net debt to consolidated EBITDA, as defined, to less than or equal to 5.25 to 1.00. We were in compliance with all such covenants at March 31, 2018, with a first lien net debt to consolidated EBITDA leverage ratio of approximately 4.47 to 1.00.

Events of default under the Credit Facility include, but are not limited to, (1) our failure to pay principal, interest, fees or other amounts under the credit agreement when due (taking into account any applicable grace period), (2) any representation or warranty proving to have been materially incorrect when made, (3) covenant defaults subject, with respect to certain covenants, to an available cure, (4) bankruptcy and insolvency events, (5) a cross default to certain other debt, (6) certain undischarged judgments (not paid within an applicable grace period), (7) a change of control (as defined), (8) certain ERISA-related defaults and (9) the invalidity or impairment of specified security interests, guarantees or subordination provisions in favor of the administrative agent or lenders under the Credit Facility.

On February 26, 2018, the Credit Facility was amended, with requisite revolving lender approval, to remove the consolidated EBITDA to interest expense ratio financial covenant, to replace the senior secured net debt to consolidated EBITDA ratio financial covenant with a first lien net debt to consolidated EBITDA ratio financial covenant, and to reduce the extended revolving credit commitments to $650 million (for a total of $840 million in revolving credit commitments when combined with the non-extended portion of the revolving credit facility). The new financial covenant provides for a maximum first lien net debt to consolidated EBITDA ratio of 5.25 to 1.0, reducing to 5.0 to 1.0 on July 1, 2018, 4.75 to 1.0 on January 1, 2019, 4.5 to 1.0 on January 1, 2020 and 4.25 to 1.0 on July 1, 2020. In addition, we agreed pursuant to the amendment to modify its ability to retain asset sale proceeds, and instead to apply them to prepayments of term loans based on pro forma first lien leverage. To the extent the pro forma ratio of first lien net debt to consolidated EBITDA is greater than or equal to 4.5 to 1.0, 100% of net cash proceeds of asset sales will be applied to prepay term loans; to the extent the first lien leverage ratio is less than 4.5 to 1.0 but greater than or equal to 4.0 to 1.0, 50% of such proceeds will be applied to prepay term loans; and to the extent the pro forma first lien leverage ratio is less than 4.0 to 1.0, there will be no requirement to prepay term loans with such proceeds. These ratios will be determined on a pro forma basis giving appropriate effect to the relevant asset sales and corresponding prepayments of term loans.

On March 23, 2018, we and CHS, entered into the Fourth Amendment and Restatement Agreement to the Credit Facility, or the Agreement. In addition to including the changes described in the paragraph above, the Agreement amended the Credit Facility to permit CHS to incur debt under either an Asset-Based Loan facility, or ABL, in an amount up to $1.0 billion or maintain its Asset-Backed Securitization program. The Revolving Facility would be reduced to $425 million upon the effectiveness of the contemplated ABL facility. The Agreement also reduced the availability for incremental tranches of term loans or increases in the Revolving Facility to $500 million and removed the secured net leverage incurrence test with respect to junior secured debt. Term G Loans will accrue interest at a rate per annum initially equal to LIBOR plus 3.00%, in the case of LIBOR borrowings, and Alternate Base Rate

plus 2.00%, in the case of Alternate Base Rate borrowing. Term H Loans will accrue interest at a rate per annum initially equal to LIBOR plus 3.25%, in the case of LIBOR borrowings, and Alternate Base Rate plus 2.25%, in the case of Alternate Base Rate borrowing.

On March 16, 2017, CHS completed a public offering of $2.2 billion aggregate principal amount of 6 ¼% Senior Secured Notes due 2023, or the 6 ¼% Senior Secured Notes. The net proceeds from this issuance were used to finance the purchase or redemption of $700 million aggregate principal amount of the 2018 Senior Secured Notes and related fees and expenses, and the repayment of $1.445 billion of the Term F Facility. On May 12, 2017, CHS completed a tack-on offering of $900 million aggregate principal amount of 6 ¼% Senior Secured Notes, increasing the total aggregate principal amount of 6 ¼% Senior Secured Notes to $3.1 billion. A portion of the net proceeds from this issuance were used to finance the repayment of approximately $713 million aggregate principal amount of CHS' then outstanding Term A Facility and related fees and expenses. The tack-on notes have identical terms, other than issue date and issue price as the 6 ¼% Senior Secured Notes issued on March 16, 2017. The 6 ¼% Senior Secured Notes bear interest at 6.250% per annum, payable semiannually in arrears on March 31 and September 30, commencing September 30, 2017. Interest on the 6 ¼% Senior Secured Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. Both the 2021 Senior Secured Notes and the 6 ¼% Senior Secured Notes are secured by a first-priority lien subject to a shared lien of equal priority with certain other obligations, including obligations under the Credit Facility, and subject to prior ranking liens permitted by the indentures governing the 2021 Senior Secured Notes and the 6 ¼% Senior Secured Notes on substantially the same assets, subject to certain exceptions, that secure CHS' obligations under the Credit Facility.

Prior to the effectiveness of the ABL described below, CHS, through certain of its subsidiaries, participated in an accounts receivable loan agreement, or the Receivables Facility, with a group of lenders and banks, Credit Agricolé Corporate and Investment Bank, as a managing agent and as the administrative agent. Patient-related accounts receivable, or the Receivables, for certain affiliated hospitals served as collateral for the outstanding borrowings under the Receivables Facility. The interest rate on the borrowings was based on the commercial paper rate plus an applicable interest rate spread. The Receivables Facility was scheduled to expire on November 13, 2019. The outstanding borrowings pursuant to the Receivables Facility at March 31, 2018 totaled $538 million on the condensed consolidated balance sheet. At March 31, 2018, the carrying amount of Receivables included in the Receivables Facility totaled approximately $1.6 billion and is included in patient accounts receivable on the condensed consolidated balance sheet.

On April 3, 2018, we and CHS entered into an asset-based loan (ABL) credit agreement, or the ABL Credit Agreement, with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto. Pursuant to the ABL Credit Agreement, the lenders have extended to CHS a revolving asset-based loan facility, or the ABL Facility, in the maximum aggregate principal amount of $1.0 billion, subject to borrowing base capacity. The ABL Facility includes borrowing capacity available for letters of credit of $50 million. CHS and all domestic subsidiaries of the CHS that guarantee the CHS' other outstanding senior and senior secured indebtedness guarantee the obligations of CHS under the ABL Facility. Subject to certain exceptions, all obligations under the ABL Facility and the related guarantees are secured by a perfected first-priority security interest in substantially all of the Receivables, deposit, collection and other accounts and contract rights, books, records and other instruments related to the foregoing of the Company, CHS and the guarantors as well as a perfected junior-priority security interest in substantially all of the other assets of the Company, CHS and the guarantors, subject to customary exceptions and intercreditor arrangements. The revolving credit commitments under the Credit Facility were reduced to $425 million upon the effectiveness of the ABL facility. In connection with entering into the ABL Credit Agreement and the ABL Facility, we repaid in full and terminated our Receivables Facility.

Borrowings under the ABL Facility bear interest at a rate per annum equal to an applicable percentage, plus, at the Borrower's option, either (a) an Alternative base rate or (b) a LIBOR rate. From and after the end of the second full fiscal quarter after the closing of the ABL Facility, the applicable percentage under the ABL Facility will be determined based on excess availability as a percentage of the maximum commitment amount under the ABL facility at a rate per annum of 1.25%, 1.50% and 1.75% for loans based on the Alternative base rate and 2.25%, 2.50% and 2.75% for loans based on the LIBOR rate. From and after the end of the first full fiscal quarter after the closing of the ABL Facility, the applicable commitment fee rate under the ABL Facility will be determined based on average utilization as a percentage of the maximum commitment amount under the ABL Facility at a rate per annum of either 0.50% or 0.625% times the unused portion of the ABL facility.

Principal amounts outstanding under the ABL Facility will be due and payable in full on April 3, 2023. The ABL Facility includes a 91-day springing maturity applicable if more than $250 million in the aggregate principal amount of the Borrower's 8% senior notes due 2019, Term G loans due 2019, 7.125% senior notes due 2020, Term H loans due 2021, 5.125% senior secured notes due 2021,

6.875% senior notes due 2022 or 6.25% senior secured notes due 2023 or refinancings thereof are scheduled to mature or similarly become due on a date prior to April 3, 2023.

The ABL Facility contains customary representations and warranties, subject to limitations and exceptions, and customary covenants restricting our ability, subject to certain exceptions, to, among other things (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments and enter into acquisitions and joint ventures, (5) incur additional indebtedness or provide certain guarantees, (6) engage in mergers, acquisitions and asset sales, (7) conduct transactions with affiliates, (8) alter the nature of the Company's, CHS' or the guarantors' businesses, (9) grant certain guarantees with respect to physician practices, (10) engage in sale and leaseback transactions or (11) change our fiscal year. We are also required to comply with a consolidated fixed coverage ratio and various affirmative covenants. The consolidated fixed coverage ratio is calculated as the ratio of (x) consolidated EBITDA (as defined in the ABL Facility) less capital expenditures to (y) the sum of consolidated interest expense (as defined in the ABL Facility), scheduled principal payments, income taxes and restricted payments made in cash or in permitted investments. For purposes of calculating the consolidated fixed charge coverage ratio, the calculation of consolidated EBITDA as defined in the ABL Facility is a trailing 12-month calculation that begins with consolidated net income attributable to Holdings, with certain adjustments for interest, taxes, depreciation and amortization, net income attributable to noncontrolling interests, stock compensation expense, restructuring costs, and the financial impact of other non-cash or non-recurring items recorded during any such 12-month period.

Events of default under the ABL Facility include, but are not limited to, (1) CHS' failure to pay principal, interest, fees or other amounts under the ABL Credit Agreement when due (taking into account any applicable grace period), (2) any representation or warranty proving to have been materially incorrect when made, (3) covenant defaults subject, with respect to certain covenants, to an available cure and applicable grace periods, (4) bankruptcy and insolvency events, (5) a cross default to certain other debt, (6) certain undischarged judgments (not paid within an applicable grace period), (7) a change of control (as defined), (8) certain ERISA-related defaults and (9) the invalidity or impairment of specified security interests, guarantees or subordination provisions in favor of the ABL Agent or lenders under the ABL Facility.

As of March 31, 2018, we are currently a party to the following interest rate swap agreements to limit the effect of changes in interest rates on approximately 63.3% of our variable rate debt. On each of these swaps, we receive a variable rate of interest based on the three-month LIBOR, in exchange for the payment by us of a fixed rate of interest. See Note 11 in the footnotes to the condensed consolidated financial statements for further information on our interest rate swap agreements.

The Credit Facility and the indentures that govern our outstanding notes contain various covenants that limit our ability to take certain actions, including our ability to:

- incur, assume or guarantee additional indebtedness;
- issue redeemable stock and preferred stock;
- repurchase capital stock;
- make restricted payments, including paying dividends and making certain loans, acquisitions and investments;
- redeem debt that is subordinated in right of payment to our outstanding notes;
- create liens;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- impair the security interests;
- enter into agreements that restrict dividends and certain other payments from subsidiaries;
- merge, consolidate, sell or otherwise dispose of substantially all of our assets;
- enter into transactions with affiliates; and
- guarantee certain obligations.

In addition, our Credit Facility contains restrictive covenants and requires us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet these restricted covenants and financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those tests. A breach of any of these covenants could result in a default under our Credit Facility and/or the indentures that govern our outstanding notes. Upon the occurrence of an event of default under our Credit Facility or indentures that govern our outstanding notes, all amounts outstanding under our Credit Facility and the indentures that govern our outstanding notes may become immediately due and payable and all commitments under the Credit Facility to extend further credit may be terminated.

We believe that internally generated cash flows, availability for additional borrowings under our Credit Facility, of approximately $425 million, of which approximately $57 million is in the form of outstanding letters of credit, the availability under our new ABL Facility and our ability to amend the Credit Facility to provide for one or more incremental tranches of term loans and revolving credit commitments in an aggregate principal amount of up to $500 million, in each case subject to certain limitations as set forth in the Credit Facility, as well as our continued access to the capital markets, will be sufficient to finance acquisitions, capital expenditures, working capital requirements, and any equity or debt repurchases or other debt repayments we may elect to make through the next 12 months. In addition, we are currently required to utilize proceeds received from dispositions of assets, subject to certain exceptions, to repay outstanding debt.

We may elect from time to time to purchase our common stock under our open market repurchase program adopted on November 6, 2015, which authorizes us to purchase up to 10,000,000 shares of our common stock, not to exceed $300 million in repurchases (we have currently repurchased 532,188 shares under such program, all of which shares were repurchased during the three months ended December 31, 2015). In addition, we may elect from time to time to purchase our outstanding debt in open market purchases, privately negotiated transactions or otherwise. Any such equity or debt repurchases will depend upon prevailing market conditions, our liquidity requirements, contractual restrictions, applicable securities laws requirements, and other factors.

On May 6, 2015, we filed a universal automatic shelf registration statement on Form S-3ASR that permits us, from time to time, in one or more public offerings, to offer debt securities, common stock, preferred stock, warrants, depositary shares, or any combination of such securities. The shelf registration statement also permits our subsidiary, CHS, to offer debt securities that would be guaranteed by us, from time to time in one or more public offerings. The terms of any such future offerings would be established at the time of the offering. This shelf registration statement on Form S-3ASR will expire on May 6, 2018 (but may be replaced by a new shelf registration statement as we may elect to file).

The ratio of earnings to fixed charges is a measure of our ability to meet our fixed obligations related to our indebtedness. The following table shows the ratio of earnings to fixed charges for the three months ended March 31, 2018:

| | **Three Months Ended March 31, 2018** |
|---|---|
| Ratio of earnings to fixed charges (1) | * |

(1) Fixed charges include interest expensed and capitalized during the year plus an estimate of the interest component of rent expense. There are no shares of preferred stock outstanding. See exhibit 12 filed as part of this Report for the calculation of this ratio.

* For the three months ended March 31, 2018, earnings were insufficient to cover fixed charges by approximately $15 million.

**Off-balance Sheet Arrangements**

In the past, we have utilized operating leases as a financing tool for obtaining the operations of specified hospitals without acquiring, through ownership, the related assets of the hospital and without a significant outlay of cash at the front end of the lease. We utilize the same operating strategies to improve operations at those hospitals held under operating leases as we do at those hospitals that we own. We have not entered into any operating leases for hospital operations since December 2000. At March 31, 2018, we operated two hospitals under operating leases that had an immaterial impact on our consolidated operating results. The terms of the two operating leases we currently have in place expire between December 2020 and January 2028, not including lease extension options. If we allow these leases to expire, we would no longer generate revenues nor incur expenses from these hospitals.

**Noncontrolling Interests**

We have sold noncontrolling interests in certain of our subsidiaries or acquired subsidiaries with existing noncontrolling interest ownership positions. As of March 31, 2018, we have hospitals in 21 of the markets we serve, with noncontrolling physician ownership interests ranging from less than 1% to 40%. In addition, we have ten other hospitals with noncontrolling interests owned by non-profit entities. Redeemable noncontrolling interests in equity of consolidated subsidiaries was $523 million and $527 million as of March 31, 2018 and December 31, 2017, respectively, and noncontrolling interests in equity of consolidated subsidiaries was $74 million and $75 million as of March 31, 2018 and December 31, 2017, respectively. The amount of net income attributable to noncontrolling interests was $19 million and $22 million for the three months ended March 31, 2018 and 2017, respectively. As a result of the change in the Stark Law “whole hospital” exception included in the Affordable Care Act, we are not permitted to introduce physician ownership at any of our hospital facilities that did not have physician ownership at the time of the adoption of the Affordable Care Act, or increase the aggregate percentage of physician ownership in any of our former or existing hospital joint ventures in excess of the aggregate physician ownership level held at the time of the adoption of the Affordable Care Act.

**Reimbursement, Legislative and Regulatory Changes**

Ongoing legislative and regulatory efforts could reduce or otherwise adversely affect the payments we receive from Medicare and Medicaid and other payors. Within the statutory framework of the Medicare and Medicaid programs, there are substantial areas subject to administrative rulings, interpretations and discretion which may further affect payments made under those programs, and the federal and state governments might, in the future, reduce the funds available under those programs or require more stringent utilization and quality reviews of hospital facilities. Additionally, there may be a continued rise in managed care programs and additional restructuring of the financing and delivery of healthcare in the United States. These events could cause our future financial results to decline. We cannot estimate the impact of Medicare and Medicaid reimbursement changes that have been enacted or are under consideration. We cannot predict whether additional reimbursement reductions will be made or whether any such changes or other restructuring of the financing and delivery of healthcare would have a material adverse effect on our business, financial conditions, results of operations, cash flow, capital resources and liquidity.

**Inflation**

The healthcare industry is labor intensive. Wages and other expenses increase during periods of inflation and when labor shortages occur in the marketplace. In addition, our suppliers pass along rising costs to us in the form of higher prices. We have implemented cost control measures, including our case and resource management program, to curb increases in operating costs and expenses. We have generally offset increases in operating costs by increasing reimbursement for services, expanding services and reducing costs in other areas. However, we cannot predict our ability to cover or offset future cost increases, particularly any increases in our cost of providing health insurance benefits to our employees.

**Critical Accounting Policies**

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. We believe that our critical accounting policies are limited to those described below.

***Revenue Recognition***

Upon our adoption of the new revenue recognition standard in the FASB Accounting Standards Codification Topic 606, or ASC 606, we record net operating revenues at the transaction price estimated to reflect the total consideration due from patients and third-party payors in exchange for providing goods and services in patient care. These services are considered to be a single performance obligation and have a duration of less than one year. Revenues are recorded as these goods and services are provided. The transaction price, which involves significant estimates, is determined based on our standard charges for the goods and services provided, with a reduction recorded for price concessions related to third party contractual arrangements as well as patient discounts and patient price concessions. During the three months ended March 31, 2018, the impact of changes to the inputs used to determine the transaction price was considered immaterial to the current period.

Currently, several states utilize supplemental reimbursement programs for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients. These programs are designed with input from the Centers for Medicare & Medicaid Services and are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. Under these supplemental programs, the Company recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured. Reimbursement under these programs is reflected in net operating revenues and fees, taxes or other program-related costs are reflected in other operating expenses.

Net operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems and provisions of cost-reimbursement and other payment methods. In addition, we are reimbursed by non-governmental payors using a variety of payment methodologies. Amounts we receive for treatment of patients covered by these programs are generally less than the standard billing rates. Contractual allowances are calculated and recorded through internally-developed data collection and analysis tools to automate the monthly estimation of required contractual allowances. Within this automated system, payors' historical paid claims data are utilized to calculate the contractual allowances. This data is automatically updated on a monthly basis. All hospital contractual allowance calculations are subjected to monthly review by management to ensure reasonableness and accuracy. We account for the differences between the estimated program reimbursement rates and the standard billing rates as contractual allowance adjustments, which is one component of the deductions from gross revenues to arrive at net operating revenues (net of contractual allowances and discounts). The process of estimating contractual allowances requires us to estimate the amount expected to be received based on payor contract provisions. The key assumption in this process is the estimated contractual reimbursement percentage, which is based on payor classification, historical paid claims data and, when applicable, application of the expected managed care plan reimbursement based on contract terms.

Due to the complexities involved in these estimates, actual payments we receive could be different from the amounts we estimate and record. If the actual contractual reimbursement percentage under government programs and managed care contracts differed by 1% at March 31, 2018 from our estimated reimbursement percentage, net loss for the three months ended March 31, 2018 would have changed by approximately $90 million, and net accounts receivable at March 31, 2018 would have changed by $115 million. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. We account for adjustments to previous program reimbursement estimates as contractual allowance adjustments and report them in the periods that such adjustments become known. Contractual allowance adjustments related to final settlements and previous program reimbursement estimates impacted net operating revenues and net loss by an insignificant amount for each of the three-month periods ended March 31, 2018 and 2017.

***Patient Accounts Receivable***

Substantially all of our accounts receivable are related to providing healthcare services to patients at our hospitals and affiliated businesses. Collection of these accounts receivable is our primary source of cash and is critical to our operating performance. Our primary collection risks relate to uninsured patients and outstanding patient balances for which the primary insurance payor has paid some but not all of the outstanding balance, with the remaining outstanding balance (generally deductibles and co-payments) owed by the patient. For all procedures scheduled in advance, our policy is to verify insurance coverage prior to the date of the procedure. Insurance coverage is not verified in advance of procedures for walk-in and emergency room patients.

We estimate any adjustments to the transaction price for implicit price concessions by reserving a percentage of all self-pay accounts receivable without regard to aging category, based on collection history, adjusted for expected recoveries and any anticipated changes in trends. Our ability to estimate the transaction price and any implicit price concessions is not impacted by not utilizing an aging of our net accounts receivable as we believe that substantially all of the risk exists at the point in time such accounts are

identified as self-pay. The percentage used to reserve for all self-pay accounts is based on our collection history. We believe that we collect substantially all of our third-party insured receivables, which include receivables from governmental agencies.

Patient accounts receivable are recorded at net realizable value based on certain assumptions determined by each payor. For third-party payors including Medicare, Medicaid, and Managed Care, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay accounts receivable, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience without regard to aging category. These estimates are adjusted for estimated conversions of patient responsibility portions, expected recoveries and any anticipated changes in trends.

Patient accounts receivable can be impacted by the effectiveness of the Company's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the net realizable value of accounts receivable. The Company also continually reviews the net realizable value of accounts receivable by monitoring historical cash collections as a percentage of trailing net operating revenues, as well as by analyzing current period net revenue and admissions by payor classification, aged accounts receivable by payor, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables and the impact of recent acquisitions and dispositions. If the actual collection percentage differed by 1% at March 31, 2018 from our estimated collection percentage as a result of a change in expected recoveries, net loss for the three months ended March 31, 2018 would have changed by $64 million, and net accounts receivable at March 31, 2018 would have changed by $82 million. We also continually review our overall reserve adequacy by monitoring historical cash collections as a percentage of trailing net operating revenues, as well as by analyzing current period net revenue and admissions by payor classification, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables and the impact of recent acquisitions and dispositions.

Our policy is to write-off gross accounts receivable if the balance is under $10.00 or when such amounts are placed with outside collection agencies. We believe this policy accurately reflects our ongoing collection efforts and is consistent with industry practices. We had approximately $4.2 billion at both March 31, 2018 and December 31, 2017, being pursued by various outside collection agencies. We expect to collect less than 3%, net of estimated collection fees, of the amounts being pursued by outside collection agencies. As these amounts have been written-off, they are not included in our accounts receivable. Collections on amounts previously written-off are recognized as a recovery of net operating revenues when received. However, we take into consideration estimated collections of these future amounts written-off in determining the implicit price concessions used to measure the transaction price for the applicable portfolio of patient accounts receivable.

All of the following information is derived from our hospitals, excluding clinics, unless otherwise noted.

Patient accounts receivable from our hospitals represent approximately 97% of our total consolidated accounts receivable.

Days revenue outstanding, adjusted for the impact of receivables for state Medicaid supplemental payment programs, was 58 days at March 31, 2018 and 56 days at December 31, 2017.

Total gross accounts receivable (prior to allowance for contractual adjustments and implicit price concessions) was approximately $19.2 billion as of March 31, 2018 and approximately $18.6 billion as of December 31, 2017. The approximate percentage of total gross accounts receivable (prior to allowance for contractual adjustments and implicit price concessions) summarized by aging categories is as follows:

**As of March 31, 2018**

| | % of Gross Receivables | | | |
|---|---|---|---|---|
| **Payor** | **0 - 90 Days** | **90 - 180 Days** | **180 - 365 Days** | **Over 365 Days** |
| Medicare | 14% | 1% | -% | -% |
| Medicaid | 7% | 1% | 1% | 1% |
| Managed Care and Other | 24% | 4% | 3% | 2% |
| Self-Pay | 9% | 7% | 14% | 12% |

**As of December 31, 2017**

| | % of Gross Receivables | | | |
|---|---|---|---|---|
| **Payor** | **0 - 90 Days** | **90 - 180 Days** | **180 - 365 Days** | **Over 365 Days** |
| Medicare | 13% | 1% | -% | -% |
| Medicaid | 7% | 1% | 1% | 1% |
| Managed Care and Other | 24% | 4% | 3% | 3% |
| Self-Pay | 8% | 7% | 15% | 12% |

The approximate percentage of total gross accounts receivable (prior to allowances for contractual adjustments and implicit price concessions) summarized by payor is as follows:

| | **March 31, 2018** | **December 31, 2017** |
|---|---|---|
| Insured receivables | 57.9% | 57.9% |
| Self-pay receivables | 42.1 | 42.1 |
| Total | 100.0% | 100.0% |

The combined total at our hospitals and clinics for the estimated implicit price concessions for self-pay accounts receivable and allowances for other self-pay discounts and contractuals, as a percentage of gross self-pay receivables, was approximately 90% and 92% at March 31, 2018 and December 31, 2017, respectively. If the receivables that have been written-off, but where collections are still being pursued by outside collection agencies, were included in both the allowances and gross self-pay receivables specified above, the percentage of combined allowances to total self-pay receivables would have been approximately 94% at both March 31, 2018 and December 31, 2017.

***Goodwill and Other Intangibles***

Goodwill represents the excess of the fair value of the consideration conveyed in the acquisition over the fair value of net assets acquired. Goodwill is evaluated for impairment annually and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. During 2017, we adopted ASU 2017-04, which allows a company to record a goodwill impairment when the reporting units carrying value exceeds the fair value determined in step one. Previously, we performed our annual goodwill evaluation during the fourth quarter as of September 30, 2017, with an updated evaluation as of November 30, 2017 due to the identification of certain impairment indicators. With the elimination of the time-intensive step two calculation to determine the implied value of goodwill, we have considered the additional benefits of performing the annual goodwill evaluation later in the fourth quarter to coincide with the timing of the next fiscal year’s budgeting and financial projection process. Based on these considerations, we have elected to change the annual goodwill impairment measurement date to October 31. The next annual goodwill evaluation will be performed during the fourth quarter of 2018 with an October 31, 2018 measurement date, or sooner if we identify certain indicators of impairment.

At March 31, 2018, we had approximately $4.7 billion of goodwill recorded, all of which resides at our hospital operations reporting unit.

During the three months ended December 31, 2017, in connection with the preparation of the financial statements included in our 2017 Form 10-K, we identified certain indicators of impairment and performed an interim goodwill impairment evaluation as of November 30, 2017. Those indicators were primarily a further decline in our market capitalization and fair value of our long-term debt during November 2017. We performed an estimated calculation of fair value in step one of the impairment test at November 30, 2017, which indicated that the carrying value of our hospital operations reporting unit exceeded its fair value. As a result of this evaluation and the early adoption of ASU 2017-04, we recorded a non-cash impairment charge of $1.419 billion to goodwill during the three months ended December 31, 2017.

The reduction in our fair value and the resulting goodwill impairment charges recorded during 2016 and 2017 reduced the carrying value of our hospital operations reporting unit to an amount equal to our estimated fair value. This increases the risk that future declines in fair value could result in goodwill impairment. The determination of fair value in step one of our goodwill impairment analysis is based on an estimate of fair value for the hospital operations reporting unit utilizing known and estimated inputs at the evaluation date. Some of those inputs include, but are not limited to, the most recent price of our common stock or fair value of our long-term debt, estimates of future revenue and expense growth, estimated market multiples, expected capital expenditures, income tax rates, and costs of invested capital. Future estimates of fair value could be adversely affected if the actual outcome of one or more of these assumptions changes materially in the future, including further decline in our stock price or fair value of our long-term debt, lower than expected hospital volumes, higher market interest rates or increased operating costs. Such changes impacting the calculation of our fair value could result in a material impairment charge in the future.

***Impairment or Disposal of Long-Lived Assets***

Whenever events or changes in circumstances indicate that the carrying values of certain long-lived assets may be impaired, we project the undiscounted cash flows expected to be generated by these assets. If the projections indicate that the reported amounts are not expected to be recovered, such amounts are reduced to their estimated fair value based on a quoted market price, if available, or an estimate based on valuation techniques available in the circumstances.

***Professional Liability Claims***

As part of our business of owning and operating hospitals, we are subject to legal actions alleging liability on our part. We accrue for losses resulting from such liability claims, as well as loss adjustment expenses that are out-of-pocket and directly related to such liability claims. These direct out-of-pocket expenses include fees of outside counsel and experts. We do not accrue for costs that are part of our corporate overhead, such as the costs of our in-house legal and risk management departments. The losses resulting from professional liability claims primarily consist of estimates for known claims, as well as estimates for incurred but not reported claims. The estimates are based on specific claim facts, our historical claim reporting and payment patterns, the nature and level of our hospital operations, and actuarially determined projections. The actuarially determined projections are based on our actual claim data, including historic reporting and payment patterns which have been gathered over approximately a 20-year period. As discussed below, since we purchase excess insurance on a claims-made basis that transfers risk to third-party insurers, the liability we accrue does include an amount for the losses covered by our excess insurance. We also record a receivable for the expected reimbursement of losses covered by our excess insurance. Since we believe that the amount and timing of our future claims payments are reliably determinable, we discount the amount we accrue for losses resulting from professional liability claims using the risk-free interest rate corresponding to the timing of our expected payments.

The net present value of the projected payments was discounted using a weighted-average risk-free rate of 2.2%, 1.8% and 1.6% in 2017, 2016 and 2015, respectively. This liability is adjusted for new claims information in the period such information becomes known to us. Professional malpractice expense includes the losses resulting from professional liability claims and loss adjustment expense, as well as paid excess insurance premiums, and is presented within other operating expenses in the accompanying condensed consolidated statements of loss.

Our processes for obtaining and analyzing claims and incident data are standardized across all of our hospitals and have been consistent for many years. We monitor the outcomes of the medical care services that we provide and for each reported claim, we obtain various information concerning the facts and circumstances related to that claim. In addition, we routinely monitor current key statistics and volume indicators in our assessment of utilizing historical trends. The average lag period between claim occurrence and payment of a final settlement is between three and four years, although the facts and circumstances of individual claims could result in the timing of such payments being different from this average. Since claims are paid promptly after settlement with the claimant is reached, settled claims represent approximately 1.0% of the total liability at the end of any period.

For purposes of estimating our individual claim accruals, we utilize specific claim information, including the nature of the claim, the expected claim amount, the year in which the claim occurred and the laws of the jurisdiction in which the claim occurred. Once the case accruals for known claims are determined, information is stratified by loss layers and retentions, accident years, reported years, geography, and claims relating to the acquired HMA hospitals versus claims relating to our other hospitals. Several actuarial methods are used against this data to produce estimates of ultimate paid losses and reserves for incurred but not reported claims. Each of these methods uses our company-specific historical claims data and other information. This company-specific data includes information regarding our business, including historical paid losses and loss adjustment expenses, historical and current case loss reserves, actual and projected hospital statistical data, a variety of hospital census information, employed physician information, professional liability retentions for each policy year, geographic information and other data.

Based on these analyses, we determine our estimate of the professional liability claims. The determination of management's estimate, including the preparation of the reserve analysis that supports such estimate, involves subjective judgment of management. Changes in reserving data or the trends and factors that influence reserving data may signal fundamental shifts in our future claim development patterns or may simply reflect single-period anomalies. Even if a change reflects a fundamental shift, the full extent of the change may not become evident until years later. Moreover, since our methods and models use different types of data and we select our liability from the results of all of these methods, we typically cannot quantify the precise impact of such factors on our estimates of the liability. Due to our standardized and consistent processes for handling claims and the long history and depth of our company-specific data, our methodologies have produced reliably determinable estimates of ultimate paid losses.

We are primarily self-insured for these claims; however, we obtain excess insurance that transfers the risk of loss to a third-party insurer for claims in excess of our self-insured retentions. Our excess insurance is underwritten on a claims-made basis. For claims reported prior to June 1, 2002, substantially all of our professional and general liability risks were subject to a less than $1 million per occurrence self-insured retention and for claims reported from June 1, 2002 through June 1, 2003, these self-insured retentions were $2 million per occurrence. Substantially all claims reported after June 1, 2003 and before June 1, 2005 are self-insured up to $4 million per claim. Substantially all claims reported on or after June 1, 2005 and before June 1, 2014 are self-insured up to $5 million per claim. Substantially all claims reported on or after June 1, 2014 are self-insured up to $10 million per claim. Management, on occasion, has selectively increased the insured risk at certain hospitals based upon insurance pricing and other factors and may continue that practice in the future. Excess insurance for all hospitals has been purchased through commercial insurance companies and generally covers us for liabilities in excess of the self-insured retentions. The excess coverage consists of multiple layers of insurance, the sum of which totals up to $95 million per occurrence and in the aggregate for claims reported on or after June 1, 2003, up to $145 million per occurrence and in the aggregate for claims reported on or after January 1, 2008, up to $195 million per occurrence and in the aggregate for claims reported on or after June 1, 2010, and up to $220 million per occurrence and in the aggregate for claims reported on or after June 1, 2015. In addition, for integrated occurrence malpractice claims, there is an additional $50 million of excess coverage for claims reported on or after June 1, 2014 and an additional $75 million of excess coverage for claims reported on or after June 1, 2015. For certain policy years prior to June 1, 2014, if the first aggregate layer of excess coverage becomes fully utilized, then the self-insured retention will increase to $10 million per claim for any subsequent claims in that policy year until our total aggregate coverage is met.

Effective June 1, 2014, the hospitals acquired from HMA were insured on a claims-made basis as described above and through commercial insurance companies as described above for substantially all claims reported on or after June 1, 2014 except for physician-related claims with an occurrence date prior to June 1, 2014. Prior to June 1, 2014, the former HMA hospitals obtained insurance coverage through a wholly-owned captive insurance subsidiary and a risk retention group subsidiary which are domiciled in the Cayman Islands and South Carolina, respectively. Those insurance subsidiaries, which are collectively referred to as the "Insurance Subsidiaries," provided (i) claims-made coverage to all of the former HMA hospitals and (ii) occurrence-basis coverage to most of the physicians employed by the former HMA hospitals. The employed physicians not covered by the Insurance Subsidiaries generally maintained claims-made policies with unrelated third party insurance companies. To mitigate the exposure of the program covering the former HMA hospitals and other healthcare facilities, the Insurance Subsidiaries bought claims-made reinsurance policies from unrelated third parties for claims above self-retention levels of $10 million or $15 million per claim, depending on the policy year.

Effective January 1, 2008, the former Triad hospitals were insured on a claims-made basis as described above and through commercial insurance companies as described above for substantially all claims occurring on or after January 1, 2002 and reported on or after January 1, 2008. Substantially all losses for the former Triad hospitals in periods prior to May 1, 1999 were insured through a wholly-owned insurance subsidiary of HCA, Triad's owner prior to that time, and excess loss policies maintained by HCA. HCA has agreed to indemnify the former Triad hospitals in respect of claims covered by such insurance policies arising prior to May 1, 1999. From May 1, 1999 through December 31, 2006, the former Triad hospitals obtained insurance coverage on a claims incurred basis from HCA's wholly-owned insurance subsidiary with excess coverage obtained from other carriers that is subject to certain

deductibles. Effective for claims incurred after December 31, 2006, Triad began insuring its claims from $1 million to $5 million through its wholly-owned captive insurance company, replacing the coverage provided by HCA. Substantially all claims occurring during 2007 were self-insured up to $10 million per claim.

There were no significant changes in our estimate of the reserve for professional liability claims during the three months ended March 31, 2018.

***Income Taxes***

We must make estimates in recording provision for income taxes, including determination of deferred tax assets and deferred tax liabilities and any valuation allowances that might be required against the deferred tax assets. We believe that future income will enable us to realize certain deferred tax assets, subject to the valuation allowance we have established.

The total amount of unrecognized benefit that would impact the effective tax rate, if recognized, was approximately $7 million as of March 31, 2018. A total of approximately $4 million of interest and penalties is included in the amount of liability for uncertain tax positions at March 31, 2018. It is our policy to recognize interest and penalties related to unrecognized benefits in our condensed consolidated statements of loss as income tax expense.

It is possible the amount of unrecognized tax benefit could change in the next 12 months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, we do not anticipate the change will have a material impact on our condensed consolidated results of operations or condensed consolidated financial position.

We, or one of our subsidiaries, file income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, we are no longer subject to state income tax examinations for years prior to 2014. Our federal income tax returns for the 2009, 2010, 2014 and 2015 tax years are currently under examination by the Internal Revenue Service. We believe the results of these examinations will not be material to our consolidated results of operations or consolidated financial position. We have extended the federal statute of limitations through December 31, 2018 for Community Health Systems, Inc. for the tax periods ended December 31, 2007, 2008, 2009 and 2010 and through September 6, 2019 for the tax period ended December 31, 2014.

We have accounted for the effects of the comprehensive tax legislation commonly referred to as the Tax Cuts and Job Act, or the Tax Act, using reasonable estimates based on currently available information and our interpretations thereof, and the estimated impact of the Tax Act during the three months ended March 31, 2018 and year ended December 31, 2017, may be revised as a result of, among other things, changes in interpretations we have made and the issuance of new tax or accounting guidance. See Note 6 to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information.

**Recent Accounting Pronouncements**

In January 2016, the FASB issued ASU 2016-01, which amends the measurement, presentation and disclosure requirements for equity investments, other than those accounted for under the equity method or that require consolidation of the investee. The ASU eliminates the classification of equity investments as available-for-sale with any changes in fair value of such investments recognized in other comprehensive income, and requires entities to measure equity investments at fair value, with any changes in fair value recognized in net income. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. To adopt this ASU, companies must record a cumulative-effect adjustment to beginning retained earnings at the beginning of the period of adoption. We adopted this ASU on January 1, 2018, and the adoption of this ASU did not have a material impact on our consolidated results of operations. Upon adoption, we recorded a reclassification of $6 million from accumulated other comprehensive loss as a decrease to accumulated deficit.

In February 2016, the FASB issued ASU 2016-02, which amends the accounting for leases, requiring lessees to recognize most leases on their balance sheet with a right-of-use asset and a corresponding lease liability. Leases will be classified as either finance or operating leases, which will impact the expense recognition of such leases over the lease term. The ASU also modifies the lease classification criteria for lessors and eliminates some of the real estate leasing guidance previously applied for certain leasing transactions. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We expect to adopt this ASU on January 1, 2019. Because of the number of leases we utilize to support our operations, the adoption of this ASU is expected to have a significant impact on our consolidated financial position and results of operations. We have organized an implementation group of cross-functional departmental management to ensure the completeness of its lease information, analyze the appropriate classification of current leases under the new standard, and develop new processes to execute, approve and classify leases

on an ongoing basis. We have also engaged outside experts to assist in the development of this plan, as well as the identification and selection of software tools and processes to maintain lease information critical to applying the new standard. Management is currently evaluating the extent of this anticipated impact on our consolidated financial position and results of operations, and the quantitative and qualitative factors that will impact us as part of the adoption of this ASU, as well as any changes to our leasing strategy that may occur because of the changes to the accounting and recognition of leases.

In March 2017, the FASB issued ASU 2017-07, which changes the presentation of the components of net periodic benefit cost for sponsors of defined benefit plans for pensions. Under the changes in this ASU, the service cost component of net periodic benefit cost will be reported in the same income statement line as other employee compensation costs arising from services during the reporting period. The other components of net periodic benefit cost will be presented separately in a line item outside of operating income. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. We adopted this ASU on January 1, 2018, and the adoption of this ASU did not have a material impact on our consolidated financial position or results of operations.

In August 2017, the FASB issued ASU 2017-12, which was issued to amend hedge accounting recognition and disclosure requirements to improve transparency and simplify the application of hedge accounting for certain hedging instruments. The amendments in this ASU that will have an impact on us include simplification of the periodic hedge effectiveness assessment, elimination of the benchmark interest rate concept for interest rate swaps, and enhancement of the ability to use the critical-terms match method for its cash flow hedges of forecasted interest payments. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We early adopted this ASU on January 1, 2018, and the adoption of this ASU did not have a material impact on our consolidated financial position or results of operations.

In February 2018, the FASB issued ASU 2018-02, which was issued to allow a reclassification from accumulated other comprehensive income to retained earnings for the stranded tax effects in accumulated other comprehensive income resulting from the enactment of the Tax Act and corresponding accounting treatment recorded in the fourth quarter of 2017. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this ASU is permitted, including adoption in any interim period for reporting periods for which financial statements have not yet been issued. We early adopted this ASU on January 1, 2018, resulting in a reclassification of $6 million from accumulated other comprehensive loss as a decrease to accumulated deficit.

**FORWARD-LOOKING STATEMENTS**

Some of the matters discussed in this Report include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “thinks,” and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, among other things:

- general economic and business conditions, both nationally and in the regions in which we operate;
- the impact of changes made to the Affordable Care Act, the potential for repeal or additional changes to the Affordable Care Act, its implementation or its interpretation (including through executive orders), as well as changes in other federal, state or local laws or regulations affecting our business;
- the extent to which states support increases, decreases or changes in Medicaid programs, implement health insurance exchanges or alter the provision of healthcare to state residents through regulation or otherwise;
- the future and long-term viability of health insurance exchanges and potential changes to the beneficiary enrollment process;
- risks associated with our substantial indebtedness, leverage and debt service obligations, and the fact that a substantial portion of our indebtedness will mature and become due in the near future, including our ability to refinance such indebtedness on acceptable terms or to incur additional indebtedness;
- demographic changes;
- changes in, or the failure to comply with, governmental regulations;

- potential adverse impact of known and unknown government investigations, audits, and federal and state false claims act litigation and other legal proceedings;
- our ability, where appropriate, to enter into and maintain provider arrangements with payors and the terms of these arrangements, which may be further affected by the increasing consolidation of health insurers and managed care companies and vertical integration efforts involving payors and healthcare providers;
- changes in, or the failure to comply with, contract terms with payors and changes in reimbursement rates paid by federal or state healthcare programs or commercial payors;
- any potential additional impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets;
- changes in inpatient or outpatient Medicare and Medicaid payment levels and methodologies;
- the effects related to the continued implementation of the sequestration spending reductions and the potential for future deficit reduction legislation;
- increases in the amount and risk of collectability of patient accounts receivable, including decreases in collectability which may result from, among other things, self-pay growth and difficulties in recovering payments for which patients are responsible, including co-pays and deductibles;
- the efforts of insurers, healthcare providers, large employer groups and others to contain healthcare costs, including the trend toward value-based purchasing;
- our ongoing ability to demonstrate meaningful use of certified EHR technology and recognize income for the related Medicare or Medicaid incentive payments, to the extent such payments have not expired;
- increases in wages as a result of inflation or competition for highly technical positions and rising supply and drug costs due to market pressure from pharmaceutical companies and new product releases;
- liabilities and other claims asserted against us, including self-insured malpractice claims;
- competition;
- our ability to attract and retain, at reasonable employment costs, qualified personnel, key management, physicians, nurses and other healthcare workers;
- trends toward treatment of patients in less acute or specialty healthcare settings, including ambulatory surgery centers or specialty hospitals;
- changes in medical or other technology;
- changes in U.S. GAAP;
- the availability and terms of capital to fund any additional acquisitions or replacement facilities or other capital expenditures;
- our ability to successfully make acquisitions or complete divestitures, including the disposition of hospitals and non-hospital businesses pursuant to our portfolio rationalization and deleveraging strategy, our ability to complete any such acquisitions or divestitures on desired terms or at all (including to realize the anticipated amount of proceeds from contemplated dispositions), the timing of the completion of any such acquisitions or divestitures, and our ability to realize the intended benefits from any such acquisitions or divestitures;
- the impact that changes in our relationships with joint venture or syndication partners could have on effectively operating our hospitals or ancillary services or in advancing strategic opportunities;
- our ability to successfully integrate any acquired hospitals, or to recognize expected synergies from acquisitions;

- the impact of seasonal severe weather conditions, including the timing and amount of insurance recoveries in relation to severe weather events such as Hurricanes Harvey and Irma;
- our ability to obtain adequate levels of general and professional liability insurance;
- timeliness of reimbursement payments received under government programs;
- effects related to outbreaks of infectious diseases;
- the impact of prior or potential future cyber-attacks or security breaches;
- any failure to comply with the terms of the Corporate Integrity Agreement;
- the concentration of our revenue in a small number of states;
- our ability to realize anticipated cost savings and other benefits from our current strategic and operational cost savings initiatives;
- changes in interpretations, assumptions and expectations regarding the Tax Act; and
- the other risk factors set forth in our 2017 Form 10-K, for the year ended December 31, 2017 and our other public filings with the SEC.

Although we believe that these forward-looking statements are based upon reasonable assumptions, these assumptions are inherently subject to significant regulatory, economic and competitive uncertainties and contingencies, which are difficult or impossible to predict accurately and may be beyond our control. Accordingly, we cannot give any assurance that our expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this filing. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 3.** ***Quantitative and Qualitative Disclosures about Market Risk***

We are exposed to interest rate changes, primarily as a result of our Credit Facility which bears interest based on floating rates. In order to manage the volatility relating to the market risk, we entered into interest rate swap agreements to manage our exposure to these fluctuations, as described under the heading “Liquidity and Capital Resources” in Part I, Item 2. We utilize risk management procedures and controls in executing derivative financial instrument transactions. We do not execute transactions or hold derivative financial instruments for trading purposes. Derivative financial instruments related to interest rate sensitivity of debt obligations are used with the goal of mitigating a portion of the exposure when it is cost effective to do so. As of March 31, 2018, our approximately $2.2 billion notional amount of interest rate swap agreements outstanding represented approximately 63.3% of our variable rate debt.

A 1% change in interest rates on variable rate debt in excess of that amount covered by interest rate swaps would have resulted in interest expense fluctuating approximately $3 million and $11 million for the three months ended March 31, 2018 and 2017, respectively.

**Item 4.** ***Controls and Procedures***

Our Chief Executive Officer and Chief Financial Officer, with the participation of other members of management, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities and Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on such evaluations, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective (at the reasonable assurance level) to ensure that the information required to be included in this report has been recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to ensure that the information required to be included in this report was accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the three months ended March 31, 2018 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

## PART II OTHER INFORMATION

### Item 1. *Legal Proceedings*

From time to time, we receive inquiries or subpoenas from state regulators, state Medicaid Fraud Control units, fiscal intermediaries, the Centers for Medicare and Medicaid Services, the Department of Justice and other government entities regarding various Medicare and Medicaid issues. In addition to the matters discussed below, we are currently responding to subpoenas and administrative demands concerning (a) certain cardiology procedures, medical records and policies at a New Mexico hospital, (b) an inquiry regarding sleep labs at two Louisiana hospitals, (c) a subpoena regarding wound care services at one of our Florida hospitals (which appears to be related to unsealed cases against Healogics, Inc.), (d) a civil investigative demand concerning short-term Medicaid eligibility determinations processed by third party vendors at one of our Pennsylvania hospitals and (e) certain cardiology procedures, medical records and quality assurance committee meeting minutes at a Tennessee hospital. In addition, we are subject to other claims and lawsuits arising in the ordinary course of our business including lawsuits and claims related to billing practices and the administration of charity care policies at our hospitals. Based on current knowledge, management does not believe that loss contingencies arising from pending legal, regulatory and governmental matters, including the matters described herein, will have a material adverse effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending legal, regulatory and governmental matters, some of which are beyond our control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to our results of operations or cash flows for any particular reporting period. Settlements of suits involving Medicare and Medicaid issues routinely require both monetary payments as well as corporate integrity agreements. Additionally, qui tam or “whistleblower” actions initiated under the civil False Claims Act may be pending but placed under seal by the court to comply with the False Claims Act’s requirements for filing such suits. In September 2014, the Criminal Division of the United States Department of Justice, or DOJ, announced that all qui tam cases will be shared with their Division to determine if a parallel criminal investigation should be opened. The Criminal Division has also frequently stated an intention to pursue corporations in criminal prosecutions. From time to time, we detect issues of non-compliance with Federal healthcare laws pertaining to claims submission and reimbursement practices and/or financial relationships with physicians. We avail ourselves of various mechanisms to address potential overpayments arising out of these issues, including repayment of claims, rebilling of claims, and participation in voluntary disclosure protocols offered by the Centers for Medicare and Medicaid Services and the Office of the Inspector General. Participating in voluntary repayments and voluntary disclosure protocols can have the potential for significant settlement obligations or even enforcement action.

The following legal proceedings are described in detail because, although they may not be required to be disclosed in this Part II, Item 1 under SEC rules, due to the nature of the business of the Company, we believe that the following discussion of these matters may provide useful information to security holders. This discussion does not include claims and lawsuits covered by medical malpractice, general liability or employment practices insurance and risk retention programs, none of which claims or lawsuits would in any event be required to be disclosed in this Part II, Item 1 under SEC rules. Certain of the matters referenced below are also discussed in the Notes to Condensed Consolidated Financial Statements at Part I, Item 1 under Note 14 “Contingencies.”

**Community Health Systems, Inc. Legal Proceedings**

*Shareholder Litigation*

Class Action Shareholder Federal Securities Cases. Three purported class action cases have been filed in the United States District Court for the Middle District of Tennessee; namely, Norfolk County Retirement System v. Community Health Systems, Inc., et al., filed May 9, 2011; De Zheng v. Community Health Systems, Inc., et al., filed May 12, 2011; and Minneapolis Firefighters Relief Association v. Community Health Systems, Inc., et al., filed June 21, 2011. All three seek class certification on behalf of purchasers of our common stock between July 27, 2006 and April 11, 2011 and allege that misleading statements resulted in artificially inflated prices for our common stock. In December 2011, the cases were consolidated for pretrial purposes and NYC Funds and its counsel were selected as lead plaintiffs/lead plaintiffs’ counsel. In lieu of ruling on our motion to dismiss, the court permitted the plaintiffs to file a first amended consolidated class action complaint which was filed on October 5, 2015. Our motion to dismiss was filed on November 4, 2015 and oral argument took place on April 11, 2016. Our motion to dismiss was granted on June 16, 2016 and on June 27, 2016, the plaintiffs filed a notice of appeal to the Sixth Circuit Court of Appeals. The matter was heard on May 3, 2017. On December 13, 2017, the Sixth Circuit reversed the trial court’s dismissal of the case and remanded it to the District Court. We filed a petition for writ of certioriari with the United States Supreme Court on April 18, 2018 seeking review of the Sixth Circuit’s decision.

We also filed a renewed partial motion to dismiss on February 9, 2018 in the District Court. We believe this consolidated matter is without merit and will vigorously defend this case.

*Other Government Investigations*

Dothan, Alabama – Independent Lab Billing. On February 12, 2015, our hospital in Dothan, Alabama received a Civil Investigative Demand, or CID, from the United States Department of Justice for information concerning its status as a "covered hospital" under certain lab billing regulations. These regulations discuss permissible billing of the technical component of lab tests performed for hospital patients by an independent laboratory. The CID seeks documentation and explanation whether the hospital qualifies as a covered hospital for billing purposes under the applicable regulations. We are cooperating fully with this investigation.

St. Petersburg, Florida – On September 14, 2017, our hospital in St. Petersburg, Florida received a CID from the United States Department of Justice for information concerning its participation in the Florida Low Income Pool Program. The Low Income Pool Program, or LIP, is a funding pool to support healthcare providers that provide uncompensated care to Florida residents who are uninsured or underinsured. The CID seeks documentation related to agreements between the hospital and Pinellas County. We are cooperating fully with this investigation.

*Commercial Litigation and Other Lawsuits*

*Becker v. Community Health Systems, Inc. d/b/a Community Health Systems Professional Services Corporation d/b/a Community Health Systems d/b/a Community Health Systems PSC, Inc. d/b/a Rockwood Clinic P.S. and Rockwood Clinic, P.S. (Superior Court, Spokane, Washington).* This suit was filed on February 29, 2012, by a former chief financial officer at Rockwood Clinic in Spokane, Washington. Becker claims he was wrongfully terminated for allegedly refusing to certify a budget for Rockwood Clinic in 2012. On February 29, 2012, he also filed an administrative complaint with the Department of Labor, Occupational Safety and Health Administration alleging that he is a whistleblower under Sarbanes-Oxley, which was dismissed by the agency and was appealed to an administrative law judge for a hearing that occurred on January 19-26, 2016. In a decision dated November 9, 2016, the law judge awarded Becker approximately $1.9 million for front pay, back pay and emotional damages with attorney fees to be later determined. We have appealed the award to the Administrative Review Board and are awaiting its decision. At a hearing on July 27, 2012, the trial court dismissed Community Health Systems, Inc. from the state case and subsequently certified the state case for an interlocutory appeal of the denial to dismiss his employer and the management company. The appellate court accepted the interlocutory appeal, and it was argued on April 30, 2014. On August 14, 2014, the court denied our appeal. On October 20, 2014, we filed a petition to review the denial with the Washington Supreme Court. Our appeal was accepted and oral argument was heard on June 9, 2015. On September 15, 2015, the court denied our appeal and remanded to the trial court; a previous trial setting of September 12, 2016 has been vacated and not reset. We continue to vigorously defend these actions.

*Cyber Attack.* As previously disclosed on a Current Report on Form 8-K filed by us on August 18, 2014, our computer network was the target of an external, criminal cyber-attack that we believe occurred between April and June, 2014. We and Mandiant (a FireEye Company), the forensic expert engaged by us in connection with this matter, believe the attacker was a foreign "Advanced Persistent Threat" group who used highly sophisticated malware and technology to attack our systems. The attacker was able to bypass our security measures and successfully copy and transfer outside the Company certain non-medical patient identification data (such as patient names, addresses, birthdates, telephone numbers and social security numbers), but not including patient credit card, medical or clinical information. We worked closely with federal law enforcement authorities in connection with their investigation and possible prosecution of those determined to be responsible for this attack. Mandiant has conducted a thorough investigation of this incident and continues to advise us regarding security and monitoring efforts. We have provided appropriate notification to affected patients and regulatory agencies as required by federal and state law. We have offered identity theft protection services to individuals affected by this attack.

We have incurred certain expenses to remediate and investigate this matter. In addition, multiple purported class action lawsuits have been filed against us and certain subsidiaries. These lawsuits allege that sensitive information was unprotected and inadequately encrypted by us. The plaintiffs claim breach of contract and other theories of recovery, and are seeking damages, as well as restitution for any identity theft. On February 4, 2015, the United States Judicial Panel on Multidistrict Litigation ordered the transfer of the purported class actions pending outside of the District Court for the Northern District of Alabama to the District Court for the Northern District of Alabama for coordinated or consolidated pretrial proceedings. A consolidated complaint was filed and we filed a motion to dismiss on September 21, 2015, which was partially argued on February 10, 2016. In an oral ruling from the bench, the court greatly limited the potential class by ruling only plaintiffs with specific injury resulting from the breach had standing to sue. Further, on jurisdictional grounds, the court dismissed Community Health Systems, Inc. from all non-Tennessee based cases. Finally,

the court set April 15, 2016 for further argument on whether the remaining plaintiffs have sufficiently stated a cause of action to continue their cases. On April 15, 2016 in an oral ruling from the bench, the court dismissed additional claims and following this oral ruling only eight of the forty plaintiffs remained with significant limitations imposed on their ability to assert claims for damages. These oral rulings were confirmed in a written order filed on September 12, 2016. On October 20, 2016, the plaintiffs filed a renewed motion for interlocutory appeal from the motion to dismiss ruling and on February 15, 2017 this motion was denied. Plaintiffs refiled their motion for permission to seek interlocutory appeal on March 15, 2017, and that motion was also denied. At this time, we are unable to predict the outcome of this litigation or determine the potential impact, if any, that could result from this litigation, but we intend to vigorously defend these lawsuits. This matter may subject us to additional litigation, potential governmental inquiries, potential reputational damage, and additional remediation, operating and other expenses.

*Empire Health Foundation v. CHS/Community Health Systems, Inc., CHS Washington Holdings, LLC, Spokane Washington Hospital Company, LLC, Spokane Valley Washington Hospital Company, LLC.* This suit was filed on June 12, 2017 by Empire Health Foundation claiming Deaconess and Valley Hospitals failed to abide by charity care obligations allegedly existing in the 2008 Asset Purchase Agreement between Empire Health System and Company affiliates. The court granted in part and denied in part the hospitals' motion to dismiss on October 11, 2017. We believe these claims are without merit and will vigorously defend the case.

*Mounce v. CHSPSC, LLC, et al.* This case is a purported class action lawsuit filed in the United States District Court for the Western District of Arkansas and served on July 29, 2015, claiming our affiliated Arkansas hospitals violated payor contracts by allegedly improperly asserting hospital liens against third-party tortfeasors and seeking class certifications for any similarly situated plaintiffs at any affiliated Arkansas hospital. The court has certified a class. We have reached a tentative settlement with plaintiffs in this case. We are awaiting the trial court's approval of the settlement.

*Gibson v. Byrd Regional Medical Center.* This case is a purported class action lawsuit filed in the 30th Judicial District Court for the State of Louisiana and served on August 3, 2016, claiming our affiliated Leesville, Louisiana hospital violated payor contracts by allegedly improperly asserting hospital liens against third-party tortfeasors and seeking class certifications for any similarly situated plaintiffs. The court has certified a class and denied our motion for summary judgment. We have filed a motion for a new trial with respect to class certification, and that motion is pending. We believe these claims are without merit and will vigorously defend the case.

*Morrow v. Community Health Systems, Inc.* This case is a purported class action lawsuit filed on July 25, 2016, in the United States District Court, Middle District of Tennessee alleging our affiliated hospital, South Baldwin Regional Medical Center in Foley, AL, violated a payor contract by allegedly improperly asserting a hospital lien against a third-party tortfeasor and allegedly unjustly enriching the hospital. The plaintiff seeks to represent a class of similarly situated individuals at any Company affiliated hospital. Plaintiff moved to amend his complaint on June 26, 2016 to name additional defendants, which the court allowed. On October 17, 2017, the court granted Community Health Systems, Inc.'s motion to dismiss the complaint on all of the plaintiff's claims save one. On October 20, 2017, the remaining defendants filed motions to dismiss, which the court granted on December 11, 2017 with respect to all claims save one. All defendants have filed a motion for summary judgment on the plaintiff's sole remaining claim, and that motion is pending. The plaintiff has now agreed to dismiss this case.

*Zwick Partners, LP and Aparna Rao, individually and on behalf of all others similarly situated v. Quorum Health Corporation, Community Health Systems, Inc., Wayne T. Smith, W. Larry Cash, Thomas D. Miller, and Michael J. Culotta*. This purported class action lawsuit previously filed in the United States District Court, Middle District of Tennessee was amended on April 17, 2017 to include Community Health Systems, Inc., Wayne T. Smith and W. Larry Cash as additional defendants. The plaintiffs seek to represent a class of QHC shareholders and allege that the failure to record a goodwill and long-lived asset impairment charge against QHC at the time of the spin-off of QHC violated federal securities laws. The District Court denied all defendants' motions to dismiss on April 20, 2018. We believe the claims are without merit and will vigorously defend the case.

*R2 Investments v Quorum Health Corporation; Community Health Systems, Inc.; Wayne T. Smith; W. Larry Cash; Thomas D. Miller; Michael J. Culotta; John A. Clerico; James S. Ely, III; John A. Fry; William Norris Jennings; Julia B. North; H. Mitchell Watson, Jr.; H. James Williams.* This case is pending in the Circuit Court for Williamson County, Tennessee and was served on October 26, 2017. The plaintiff alleges common law fraud and violation of Tennessee securities fraud statutes in connection with its purchase of QHC stock and QHC senior secured notes. Motions to dismiss were heard on April 5, 2018. We believe the claims are without merit and will vigorously defend the case.

*Microsoft Corporation v Community Health Systems, Inc.* This case is pending in the District Court for the Middle District of Tennessee and was served on March 16, 2018. The plaintiff alleges willful copyright infringement, contributory copyright infringement, breach of contract, and breach of the implied covenant of good faith and fair dealing in connection with the alleged use of certain Microsoft products by the Company related to certain of our divestitures. Our answer to Microsoft's complaint is due May 7, 2018. We believe the claims are without merit and will vigorously defend the case.

**Certain Legal Proceedings Related to HMA**

*Medicare/Medicaid Billing Lawsuits*

Beginning during the week of December 16, 2013 eleven qui tam lawsuits filed by private individuals against HMA were unsealed in various United States district courts. The United States has elected to intervene in all or part of eight of these matters; namely *U.S. ex rel. Craig Brummer v. Health Management Associates, Inc. et al. (Middle District Georgia) ("Brummer"); U.S. ex rel. Ralph D. Williams v. Health Management Associates, Inc. et al. (Middle District Georgia) ("Williams"); U.S. ex rel. Scott H. Plantz, M.D. et al. v. Health Management Associates, Inc., et al. (Northern District Illinois) ("Plantz"); U.S. ex rel. Thomas L. Mason, M.D. et al. v. Health Management Associates, Inc. et al. (Western District North Carolina) ("Mason"); U.S. ex rel. Jacqueline Meyer, et al. v. Health Management Associates, Inc., Gary Newsome et al. ("Jacqueline Meyer") (District of South Carolina); U.S. ex rel. George Miller, et al. v. Health Management Associates, Inc. (Eastern District of Pennsylvania) ("Miller"); U.S. ex rel. Bradley Nurkin v. Health Management Associates, Inc. et al. (Middle District of Florida) ("Nurkin"); and U.S. ex rel. Paul Meyer v. Health Management Associates, Inc. et al. (Southern District Florida) ("Paul Meyer")*. The United States has elected to intervene with respect to allegations in these cases that certain HMA hospitals inappropriately admitted patients and then submitted reimbursement claims for treating those individuals to federal healthcare programs in violation of the False Claims Act or that certain HMA hospitals had inappropriate financial relationships with physicians which violated the Stark law, the Anti-Kickback Statute, and the False Claims Act. Certain of these complaints also allege the same actions violated various state laws which prohibit false claims. The United States has declined to intervene in three of the eleven matters, namely *U.S. ex rel. Anita France, et al. v. Health Management Associates, Inc. (Middle District Florida) ("France")* which involved allegations of wrongful billing and was settled; *U.S. ex rel. Sandra Simmons v. Health Management Associates, Inc. et al. (Eastern District Oklahoma) ("Simmons")* which alleges unnecessary surgery by an employed physician and which was settled as to all allegations except alleged wrongful termination; and *U.S. ex rel. David Napoliello, M.D. v. Health Management Associates, Inc. (Middle District Florida) ("Napoliello")* which alleges inappropriate admissions. On April 3, 2014, the Multi District Litigation Panel ordered the transfer and consolidation for pretrial proceedings of the eight intervened cases, plus the Napoliello matter, to the District of the District of Columbia under the name *In Re: Health Management Associates, Inc. Qui Tam Litigation*. On June 2, 2014, the court entered a stay of this matter until October 6, 2014, which was subsequently extended until February 27, 2015, May 27, 2015, September 25, 2015, January 25, 2016, May 25, 2016, September 26, 2016, December 27, 2016, April 27, 2017, August 28, 2017, December 18, 2017, March 19, 2018 and not until June 18, 2018. We intend to defend against the allegations in these matters, but have also been cooperating with the government in the ongoing investigation of these allegations. We have been in discussions with the Civil Division of the DOJ regarding the resolution of these matters. During the first quarter of 2015, we were informed the Criminal Division continues to investigate former executive-level employees of HMA and continues to consider whether any HMA entities should be held criminally liable for the acts of the former HMA employees. We are voluntarily cooperating with these inquiries and have not been served with any subpoenas or other legal process.

*Qui Tam Matters Where the Government Declined Intervention*

*U.S. and the State of Mississippi ex rel. W. Blake Vanderlan, M.D. v. Jackson HMA, LLC d/b/a Central Mississippi Medical Center and Merit Health Central (SD Mississippi).* By order filed on August 31, 2017, the court ordered the unsealing of this matter. The unsealing revealed that on August 31, 2017 the United States had declined to intervene in the allegations that certain alleged EMTALA violations at the hospital resulted in a violation of the False Claims Act. The hospital's motion to dismiss is pending. We believe this matter is without merit and will vigorously defend this case.

*Securities and Exchange Commission Investigations*

On April 25, 2013, HMA received a subpoena from the SEC, issued pursuant to an investigation, requesting documents related to accounts receivable, billing write-downs, contractual adjustments, reserves for doubtful accounts, and accounts receivable aging, and revenue from Medicare, Medicaid and from privately insured or uninsured patients. On June 5, 2013, HMA received a supplemental subpoena from the SEC which requests additional financial reports. Subsequent subpoenas have been directed to us, our accountants, the former accountants for HMA and certain individuals. On July 17, 2014, we received an additional subpoena from the SEC seeking

numerous categories of documents relating to the financial statement adjustments taken in the fourth quarter of 2013 in the areas described above. This investigation is ongoing and we are unable to determine the potential impact, if any, of this investigation.

**Management of Significant Legal Proceedings**

In accordance with our governance documents, including our Governance Guidelines and the charter of the Audit and Compliance Committee, our management of significant legal proceedings is overseen by the independent members of the Board of Directors and, in particular, the Audit and Compliance Committee. The Audit and Compliance Committee is charged with oversight of compliance, regulatory and litigation matters, and enterprise risk management. Management has been instructed to refer all significant legal proceedings and allegations of financial statement fraud, error, or misstatement to the Audit and Compliance Committee for its oversight and evaluation. Consistent with New York Stock Exchange, Nasdaq and Sarbanes-Oxley independence requirements, the Audit and Compliance Committee is comprised entirely of individuals who are independent of our management, and all four members of the Audit and Compliance Committee are “audit committee financial experts” as defined in the Securities Exchange Act of 1934, as amended.

In addition, the Audit and Compliance Committee and the other independent members of the Board of Directors oversee the functions of the voluntary compliance program, including its auditing and monitoring functions and confidential disclosure program. In recent years, the voluntary compliance program has addressed the potential for a variety of billing errors that might be the subject of audits and payment denials by the CMS Recovery Audit Contractors’ permanent project, including MS-DRG coding, outpatient hospital and physician coding and billing, and medical necessity for services (including a focus on hospital stays of very short duration). Efforts by management, through the voluntary compliance program, to identify and limit risk from these government audits have included significant policy and guidance revisions, training and education, and auditing. The Board of Directors now oversees and reviews periodic reports of our compliance with the Corporate Integrity Agreement, or CIA, that we entered into with the United States Department of Health and Human Services Office of the Inspector General during 2014.

**Item 1A. Risk Factors**

There have been no material changes with regard to the risk factors previously disclosed in our most recent annual report in the 2017 Form 10-K.

**Item 2. Unregistered Sale of Equity Securities and Use of Proceeds**

The following table contains information about our purchases of common stock during the three months ended March 31, 2018.

| Period | Total Number of Shares Purchased (a) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(b) | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs(b) |
|---|---|---|---|---|
| January 1, 2018 - January 31, 2018 | 4,295 | $ 4.95 | - | 9,467,812 |
| February 1, 2018 - February 28, 2018 | - | - | - | 9,467,812 |
| March 1, 2018 - March 31, 2018 | 238,446 | 4.58 | - | 9,467,812 |
| Total | 242,741 | $ 4.59 | - | 9,467,812 |

(a) Includes 242,741 shares withheld by us to satisfy the payment of tax obligations related to the vesting of restricted stock awards.

(b) On November 9, 2015, we announced the adoption of a new open market repurchase program for up to 10,000,000 shares of our common stock, not to exceed $300 million in repurchases. The new repurchase program will expire on the earlier of November 5, 2018, when the maximum number of shares has been repurchased, or when the maximum dollar amount has been expended. No shares were repurchased under this program during the three months ended March 31, 2018.

With the exception of a special cash dividend of $0.25 per share paid by us in December 2012, historically, we have not paid any cash dividends. Subject to certain exceptions, our Credit Facility limits the ability of our subsidiaries to pay dividends and make distributions to us, and limits our ability to pay dividends and/or repurchase stock, to an amount not to exceed $200 million in the aggregate plus an additional $25 million in any particular year plus the aggregate amount of proceeds from the exercise of stock options. The indentures governing our senior and senior secured notes also restrict our subsidiaries from, among other matters, paying dividends and making distributions to us, which thereby limits our ability to pay dividends and/or repurchase stock. As of March 31, 2018, under the most restrictive test in these agreements (and subject to certain exceptions), we have approximately $318 million remaining available with which to pay permitted dividends and/or repurchase shares of our stock or our senior and senior secured notes.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. *Mine Safety Disclosures***

Not applicable.

**Item 5. *Other Information***

None.

**Item 6.** ***Exhibits***

| No. | | Description |
|---|---|---|
| 4.1 | * | Sixteenth Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Notes due 2019, dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., the guarantors party thereto and Regions Bank, as successor Trustee |
| 4.2 | * | Thirteenth Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 7.125% Senior Notes due 2020, dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., the guarantors party thereto and Regions Bank, as Trustee |
| 4.3 | * | Tenth Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 5.125% Senior Secured Notes due 2021, dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee and Credit Suisse AG, as Collateral Agent |
| 4.4 | * | Tenth Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 6.875% Senior Notes due 2022, dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., the guarantors party thereto and Regions Bank, as Trustee |
| 4.5 | * | Third Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 6.250% Senior Secured Notes due 2023, dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee and Credit Suisse AG, as Collateral Agent |
| 4.6 | * | ABL Intercreditor Agreement, dated as of April 3, 2018, by and among JPMorgan Chase Bank, N.A., as ABL Agent, Credit Suisse AG, as Senior-Priority Non-ABL Loan Agent, Regions Bank as 2021 Secured Notes Trustee and 2023 Secured Notes Trustee, each additional agent from time to time party thereto, CHS/Community Health Systems, Inc., as Borrower, Community Health Systems, Inc., as Parent, and the subsidiaries of Borrower from time to time party thereto |
| 10.1 | | Amendment No. 3, dated as of February 26, 2018, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the subsidiary guarantors party thereto, the lenders party thereto and Credit Suisse AG, as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to Community Health Systems, Inc.'s Current Report on Form 8-K filed February 27, 2018 (No. 001-15925)) |
| 10.2 | | Fourth Amendment and Restatement Agreement, dated as of March 23, 2018, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the subsidiary guarantors party thereto, the lenders party thereto and Credit Suisse, AG, as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to Community Health Systems, Inc.'s Current Report on Form 8-K filed March 26, 2018 (No. 001-15925)) |
| 10.3 | | ABL Credit Agreement, dated as of April 3, 2018, among CHS/Community Health Systems, Inc., as the Borrower, Community Health Systems, Inc., as the Parent, the subsidiaries of the Borrower party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to Community Health Systems, Inc.'s Current Report on Form 8-K filed April 3, 2018 (No. 001-15925)) |
| 10.4 | * | Guarantee and Collateral Agreement to ABL Credit Agreement, dated as of April 3, 2018, among CHS/Community Health Systems, Inc., as the Borrower, Community Health Systems, Inc., as the Parent, the subsidiaries of the Borrower party thereto, and JPMorgan Chase Bank, N.A., as Collateral Agent |
| 12 | * | Computation of Ratio of Earnings to Fixed Charges |
| 31.1 | * | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | * | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | ** | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | ** | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | * | XBRL Instance Document |
| 101.SCH | * | XBRL Taxonomy Extension Schema |

| | | |
|---|---|---|
| 101.CAL | * | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | * | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | * | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | * | XBRL Taxonomy Extension Presentation Linkbase |

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* Filed herewith.
** Furnished herewith

## 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.

COMMUNITY HEALTH SYSTEMS, INC.
(Registrant)

By: /s/ Wayne T. Smith
Wayne T. Smith
Chairman of the Board and
Chief Executive Officer
(principal executive officer)

By: /s/ Thomas J. Aaron
Thomas J. Aaron
Executive Vice President and
Chief Financial Officer
(principal financial officer)

By: /s/ Kevin J. Hammons
Kevin J. Hammons
Senior Vice President, Assistant Chief Financial
Officer and Chief Accounting Officer
(principal accounting officer)

Date: May 2, 2018

**Exhibit 4.1**

SIXTEENTH SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**"), dated as of April 12, 2018, among CHS/COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation (the "**Issuer**"), the party identified as a New Subsidiary Guarantor on the signature pages hereto (the "**New Subsidiary Guarantor**") and REGIONS BANK, as successor Trustee under the Indenture (the "**Trustee**").

W I T N E S S E T H:

WHEREAS, each of the Issuer, the Guarantors and the Trustee have heretofore executed and delivered an Indenture as amended, supplemented, waived or otherwise modified (the "**Indenture**"), dated as of November 22, 2011, providing for the issuance of the 8.000% Senior Notes due 2019 (the "**Securities**");

WHEREAS, the undersigned New Subsidiary Guarantor has deemed it advisable and in its best interest to execute and deliver this Supplemental Indenture, and to become a New Subsidiary Guarantor under the Indenture; and

WHEREAS, pursuant to Section 9.01(4) of the Indenture, the Trustee, the Issuer and the New Subsidiary Guarantor are authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the New Subsidiary Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Securities as follows:

SECTION 1. Capitalized Terms. Capitalized terms used herein but not defined shall have the meanings assigned to them in the Indenture.

SECTION 2. Guaranties. The New Subsidiary Guarantor hereby agrees to guarantee the Issuer's obligations under the Securities on the terms and subject to the conditions set forth in Article 10 of the Indenture and to be bound by all other applicable provisions of the Indenture as a Subsidiary Guarantor.

SECTION 3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, shall inure to the benefit of the Trustee and every Holder of Securities heretofore or hereafter authenticated and the Issuer, the Trustee and every Holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.

SECTION 4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 5. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

SECTION 6. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed

to be their original signatures for all purposes.

SECTION 7. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction of this Supplemental Indenture.

**[Signature page follows]**

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first above written.

CHS/Community Health Systems, Inc.,
a Delaware corporation

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

**New Subsidiary Guarantor:**
CHS Receivables Funding, LLC,
a Delaware limited liability company

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

Regions Bank, as Trustee

By: /s/ Kurt Marson
Kurt Marson
Senior Vice President

**Exhibit 4.2**

THIRTEENTH SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**"), dated as of April 12, 2018, among CHS/COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation (the "**Issuer**"), the party identified as a New Subsidiary Guarantor on the signature pages hereto (the "**New Subsidiary Guarantor**) and REGIONS BANK, as Trustee under the Indenture (the "**Trustee**").

W I T N E S S E T H:

WHEREAS, each of the Issuer, the Guarantors and the Trustee have heretofore executed and delivered an Indenture as amended, supplemented, waived or otherwise modified (the "**Indenture**"), dated as of July 18, 2012, providing for the issuance of the 7.125% Senior Notes due 2020 (the "**Securities**");

WHEREAS, the undersigned New Subsidiary Guarantor has deemed it advisable and in its best interest to execute and deliver this Supplemental Indenture, and to become a New Subsidiary Guarantor under the Indenture; and

WHEREAS, pursuant to Section 9.01(4) of the Indenture, the Trustee, the Issuer and the New Subsidiary Guarantor are authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the New Subsidiary Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Securities as follows:

SECTION 1. Capitalized Terms. Capitalized terms used herein but not defined shall have the meanings assigned to them in the Indenture.

SECTION 2. Guaranties. The New Subsidiary Guarantor hereby agrees to guarantee the Issuer's obligations under the Securities on the terms and subject to the conditions set forth in Article 10 of the Indenture and to be bound by all other applicable provisions of the Indenture as a Subsidiary Guarantor.

SECTION 3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, shall inure to the benefit of the Trustee and every Holder of Securities heretofore or hereafter authenticated and the Issuer, the Trustee and every Holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.

SECTION 4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 5. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

SECTION 6. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed

to be their original signatures for all purposes.

SECTION 7. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction of this Supplemental Indenture.

**[Signature page follows]**

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first above written.

CHS/Community Health Systems, Inc.,
a Delaware corporation

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and
Treasurer

**New Subsidiary Guarantor:**
CHS Receivables Funding, LLC,
a Delaware limited liability company

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and
Treasurer

Regions Bank, as Trustee

By: /s/ Kurt Marson
Kurt Marson
Senior Vice President

**Exhibit 4.3**

TENTH SUPPLEMENTAL INDENTURE, (this "Supplemental Indenture") dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., a Delaware corporation ("Issuer"), the party that is a signatory hereto as Guarantor (the "Guaranteeing Subsidiary"), Credit Suisse AG, as Collateral Agent, and Regions Bank, as Trustee under the Indenture referred to below.

W I T N E S S E T H:

WHEREAS, each of the Issuer, the Guarantors and the Trustee have heretofore executed and delivered an indenture dated as of January 27, 2014 (as amended, supplemented, waived or otherwise modified, the "Indenture"), providing for the issuance on such date of an aggregate principal amount of $1,000,000,000 of 5.125% Senior Secured Notes due 2021 (the "Notes") of the Issuer;

WHEREAS, the Indenture provides that the Guaranteeing Subsidiaries shall execute and deliver to the Trustee and the Collateral Agent a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Note Guarantee"), each on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 9.1 of the Indenture, the Issuer, any Guarantor and the Trustee are authorized to execute and deliver this Supplemental Indenture to amend or supplement the Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the benefit of the Trustee, the Collateral Agent and the Holders of the Notes as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recitals hereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1. Agreement to be Bound. The Guaranteeing Subsidiary hereby becomes a party to the Indenture as a "Guarantor" and as such will have all of the rights and be subject to all of the obligations and agreements of a "Guarantor" under the Indenture.

SECTION 2.2. Guarantee. The Guaranteeing Subsidiary agrees, on a joint and several basis with all the existing Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder of the

Notes, the Trustee and the Collateral Agent the Guaranteed Obligations pursuant to Article X of the Indenture as and to the extent provided for therein.

ARTICLE III

MISCELLANEOUS

SECTION 3.1. Notices. All notices and other communications to the Guarantors shall be given as provided in the Indenture.

SECTION 3.2. Merger and Consolidation. The Guaranteeing Subsidiary shall not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into, another Person (other than the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction) except in accordance with Section 4.1(e) of the Indenture.

SECTION 3.3. Release of Guarantee. The Note Guarantees hereunder may be released in accordance with Section 10.2 of the Indenture.

SECTION 3.4. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

SECTION 3.5. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 3.6. Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 3.7. Benefits Acknowledged. The Guaranteeing Subsidiary's Note Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee are knowingly made in contemplation of such benefits.

SECTION 3.8. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

SECTION 3.9. The Trustee and the Collateral Agent. Neither the Trustee nor the Collateral Agent make any representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

SECTION 3.10. Counterparts. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by

facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

SECTION 3.11. Execution and Delivery. The Guaranteeing Subsidiary agrees that its Note Guarantee shall remain in full force and effect notwithstanding any absence on each Note of a notation of any such Note Guarantee.

SECTION 3.12. Headings. The headings of the Articles and the Sections in this Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

**[Signature page follows]**

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

**CHS Receivables Funding, LLC,**
a Delaware limited liability company

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

Acknowledged by:

**CHS/Community Health Systems, Inc.**

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

**Regions Bank**,
as Trustee

By: /s/ Kurt Marson
Kurt Marson
Senior Vice President

Credit Suisse AG, as Collateral Agent

By: /s/ John Toronto
Name: John Toronto
Title: Authorized Signatory

By: /s/ Warren Van Heyst
Name: Warren Van Heyst
Title: Authorized Signatory

**Exhibit 4.4**

TENTH SUPPLEMENTAL INDENTURE, (this "Supplemental Indenture") dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., a Delaware corporation ("Issuer"), the party that is a signatory hereto as Guarantor (the "Guaranteeing Subsidiary") and Regions Bank, as Trustee under the Indenture referred to below.

W I T N E S S E T H:

WHEREAS, each of the Issuer, the Guarantors and the Trustee have heretofore executed and delivered an indenture dated as of January 27, 2014 (as amended, supplemented, waived or otherwise modified, the "Indenture"), providing for the issuance on such date of an aggregate principal amount of $3,000,000,000 of 6.875% Senior Secured Notes due 2022 (the "Notes") of the Issuer;

WHEREAS, the Indenture provides that the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Note Guarantee"), each on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 9.1 of the Indenture, the Issuer, any Guarantor and the Trustee are authorized to execute and deliver this Supplemental Indenture to amend or supplement the Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the benefit of the Trustee and the Holders of the Notes as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recitals hereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1. Agreement to be Bound. The Guaranteeing Subsidiary hereby becomes a party to the Indenture as a "Guarantor" and as such will have all of the rights and be subject to all of the obligations and agreements of a "Guarantor" under the Indenture.

SECTION 2.2. Guarantee. The Guaranteeing Subsidiary agrees, on a joint and several basis with all the existing Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder of the Notes, and the Trustee the Guaranteed Obligations pursuant to Article X of the Indenture as and to the extent provided for therein.

ARTICLE III

MISCELLANEOUS

SECTION 3.1. Notices. All notices and other communications to the Guarantors shall be given as provided in the Indenture.

SECTION 3.2. Merger and Consolidation. The Guaranteeing Subsidiary shall not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into, another Person (other than the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction) except in accordance with Section 4.1(e) of the Indenture.

SECTION 3.3. Release of Guarantee. The Note Guarantees hereunder may be released in accordance with Section 10.2 of the Indenture.

SECTION 3.4. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

SECTION 3.5. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 3.6. Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 3.7. Benefits Acknowledged. The Guaranteeing Subsidiary's Note Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee are knowingly made in contemplation of such benefits.

SECTION 3.8. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

SECTION 3.9. The Trustee. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

SECTION 3.10. Counterparts. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

SECTION 3.11. Execution and Delivery. The Guaranteeing Subsidiary agrees that its Note Guarantee shall remain in full force and effect notwithstanding any absence on each Note of a notation of any such Note Guarantee.

SECTION 3.12. Headings. The headings of the Articles and the Sections in this Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

**[Signature page follows]**

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

**CHS Receivables Funding, LLC,**
a Delaware limited liability company

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

Acknowledged by:

**CHS/Community Health Systems, Inc.**

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

**Regions Bank,**
as Trustee

By: /s/ Kurt Marson
Kurt Marson
Senior Vice President

**Exhibit 4.5**

THIRD SUPPLEMENTAL INDENTURE, (this "Supplemental Indenture") dated as of April 12, 2018, by and among CHS/Community Health Systems, Inc., a Delaware corporation ("Issuer"), the party that is a signatory hereto as Guarantor (the "Guaranteeing Subsidiary"), Credit Suisse AG, as Collateral Agent, and Regions Bank, as Trustee under the Indenture referred to below.

W I T N E S S E T H:

WHEREAS, each of the Issuer, the Guarantors and the Trustee have heretofore executed and delivered an indenture dated as of March 16, 2017 (as amended, supplemented, waived or otherwise modified, the "Indenture"), providing for the issuance on such date of an aggregate principal amount of $3,100,000,000 of 6.250% Senior Secured Notes due 2023 (the "Notes") of the Issuer;

WHEREAS, the Indenture provides that the Guaranteeing Subsidiaries shall execute and deliver to the Trustee and the Collateral Agent a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Note Guarantee"), each on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 9.1 of the Indenture, the Issuer, any Guarantor and the Trustee are authorized to execute and deliver this Supplemental Indenture to amend or supplement the Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the benefit of the Trustee, the Collateral Agent and the Holders of the Notes as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recitals hereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1. Agreement to be Bound. The Guaranteeing Subsidiary hereby becomes a party to the Indenture as a "Guarantor" and as such will have all of the rights and be subject to all of the obligations and agreements of a "Guarantor" under the Indenture.

SECTION 2.2. Guarantee. The Guaranteeing Subsidiary agrees, on a joint and several basis with all the existing Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder of the

Notes, the Trustee and the Collateral Agent the Guaranteed Obligations pursuant to Article X of the Indenture as and to the extent provided for therein.

ARTICLE III

MISCELLANEOUS

SECTION 3.1. Notices. All notices and other communications to the Guarantors shall be given as provided in the Indenture.

SECTION 3.2. Merger and Consolidation. The Guaranteeing Subsidiary shall not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into, another Person (other than the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction) except in accordance with Section 4.1(e) of the Indenture.

SECTION 3.3. Release of Guarantee. The Note Guarantees hereunder may be released in accordance with Section 10.2 of the Indenture.

SECTION 3.4. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

SECTION 3.5. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 3.6. Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 3.7. Benefits Acknowledged. The Guaranteeing Subsidiary's Note Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee are knowingly made in contemplation of such benefits.

SECTION 3.8. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

SECTION 3.9. The Trustee and the Collateral Agent. Neither the Trustee nor the Collateral Agent make any representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

SECTION 3.10. Counterparts. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by

facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

SECTION 3.11. Execution and Delivery. The Guaranteeing Subsidiary agrees that its Note Guarantee shall remain in full force and effect notwithstanding any absence on each Note of a notation of any such Note Guarantee.

SECTION 3.12. Headings. The headings of the Articles and the Sections in this Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

**[Signature page follows]**

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

**CHS Receivables Funding, LLC,**
a Delaware limited liability company

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

Acknowledged by:

**CHS/Community Health Systems, Inc.**

By: /s/ Edward W. Lomicka
Edward W. Lomicka
Vice President and Treasurer

**Regions Bank,**
as Trustee

By: /s/ Kurt Marson
Kurt Marson
Senior Vice President

Credit Suisse AG, as Collateral Agent

By: /s/ John Toronto
Name: John Toronto
Title: Authorized Signatory

By: /s/ Warren Van Heyst
Name: Warren Van Heyst
Title: Authorized Signatory

**Exhibit 4.6**

ABL INTERCREDITOR AGREEMENT

dated as of

April 3, 2018,

among

JPMORGAN CHASE BANK, N.A.,

as ABL Agent,

CREDIT SUISSE AG,

As Senior-Priority Collateral Agent,

CREDIT SUISSE AG,

as Senior-Priority Non-ABL Loan Agent,

REGIONS BANK,

as 2021 Secured Notes Trustee,

REGIONS BANK,

as 2023 Secured Notes Trustee,

Each Additional Agent from time to time party hereto,

CHS/COMMUNITY HEALTH SYSTEMS, INC.,

as Borrower,

COMMUNITY HEALTH SYSTEMS, INC.,

as Parent,

and

the Subsidiaries of the Borrower
from time to time party hereto

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THIS ABL INTERCREDITOR AGREEMENT is entered into as of April 3, 2018, among JPMORGAN CHASE BANK, N.A., in its capacity as administrative agent and collateral agent (the "ABL Agent"; as hereinafter further defined) for the ABL Secured Parties (as defined below), CREDIT SUISSE AG, in its capacity as collateral agent (the "Senior-Priority Collateral Agent"; as hereinafter further defined) for the Senior-Priority Secured Parties (as defined below), CREDIT SUISSE AG, in its capacity as administrative agent under the Senior-Priority Non-ABL Loan Agreement (as defined below) (the "Senior-Priority Non-ABL Loan Agent"; as hereinafter further defined), REGIONS BANK, in its capacity as trustee under the 2021 Secured Notes Indenture (the "2021 Secured Notes Trustee"; as hereinafter further defined), REGIONS BANK, in its capacity as trustee under the 2023 Secured Notes Indenture (the "2023 Secured Notes Trustee"; as hereinafter further defined), CHS/COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation (the "Borrower"; as hereinafter further defined), COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation ("Parent"), the Subsidiaries of the Borrower from time to time party hereto and each Additional Agent (as defined below) from time to time party hereto.

W I T N E S S E T H

WHEREAS, pursuant to that certain ABL Credit Agreement, dated as of April 3, 2018 (the "ABL Credit Agreement"), among Parent, the Borrower, the ABL Lenders (as defined below) and the ABL Agent, the ABL Lenders have agreed to make loans and other extensions of credit available to the Borrower;

WHEREAS, pursuant to the ABL Security Documents (as defined below), among Parent, the Borrower, the Subsidiaries of the Borrower from time to time party thereto and the ABL Agent, the Borrower and the Grantors party thereto have guaranteed the payment and performance of the Borrower's obligations under the ABL Loan Documents (as defined below) and granted to the ABL Agent (for the benefit of the ABL Secured Parties) Liens on the Collateral;

WHEREAS, pursuant to that certain Fourth Amended and Restated Credit Agreement, dated as of March 23, 2018 (the "Senior-Priority Non-ABL Loan Agreement"), among Parent, the Borrower, the lenders party thereto, the Senior-Priority Non-ABL Loan Agent and the Senior-Priority Collateral Agent, the Senior-Priority Lenders have agreed to make loans and other extensions of credit to the Borrower;

WHEREAS, pursuant to that certain Indenture dated as of January 27, 2014 (as it may be amended and supplemented from time to time, the "2021 Secured Notes Indenture"), among Parent, the Borrower, the Subsidiaries of the Borrower party thereto, the Senior-Priority Collateral Agent and the 2021 Secured Notes Trustee, the Borrower issued $1,000,000,000 aggregate principal amount of its 5.125% Senior Secured Notes due 2021;

WHEREAS, pursuant to that certain Indenture dated as of March 16, 2017 (as supplemented by the First Supplemental Indenture dated as of March 16, 2017, relating thereto and the Second Supplemental Indenture dated as of May 12, 2017, relating thereto, and as it may be further amended and supplemented from time to time, the "2023 Secured Notes Indenture"), among Parent, the Borrower, the Subsidiaries of the Borrower party thereto, the Senior-Priority

Collateral Agent and the 2023 Secured Notes Trustee, the Borrower issued $3,100,000,000 aggregate principal amount of its 6.250% Senior Secured Notes due 2023;

WHEREAS, pursuant to the Senior-Priority Guarantee and Collateral Agreement (as defined below) and the other Senior-Priority Documents (as defined below), the Borrower and the Grantors party thereto have guaranteed the payment and performance of the Borrower's obligations under the applicable Senior-Priority Documents (as defined below) and granted to the Senior-Priority Collateral Agent (for the benefit of the Senior-Priority Secured Parties (as defined below)) Liens on the Collateral;

WHEREAS, the ABL Agent (on behalf of the ABL Secured Parties), each of the Initial Senior-Priority Agents (on behalf of the applicable Senior-Priority Secured Parties), Parent, the Borrower and the other Grantors from time to time party hereto desire to agree to the relative priority of Liens on the Collateral and certain other rights, priorities and interests as provided herein;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**Section 1. Definitions.**

1.1. **Defined Terms**. As used in this Agreement, the following terms have the meanings specified below:

"2021 Secured Notes Indenture" shall have the meaning set forth in the recitals to this Agreement.

"2021 Secured Notes Trustee" shall mean Regions Bank, in its capacity as trustee under the 2021 Secured Notes Indenture and the other Senior-Priority Documents to which it is a party in such capacity, and also includes its successors and assigns, including any replacement or successor trustee or any additional trustee under the 2021 Secured Notes Indenture.

"2023 Secured Notes Indenture" shall have the meaning set forth in the recitals to this Agreement.

"2023 Secured Notes Trustee" shall mean Regions Bank, in its capacity as trustee under the 2023 Secured Notes Indenture and the other Senior-Priority Documents to which it is a party in such capacity, and also includes its successors and assigns, including any replacement or successor trustee or any additional trustee under the 2023 Secured Notes Indenture.

"ABL Agent" shall mean, initially, JPMorgan Chase Bank, N.A., in its capacity as administrative agent and collateral agent under the ABL Credit Agreement and the other ABL Loan Documents to which it is a party, and also includes its successors and assigns, including any replacement or successor agent or any additional agent and, if applicable

after the date hereof, any Additional Agent and its successors and assigns, including any replacement or successor agent or any additional agent, in its capacity as agent, trustee or other representative (if any) under any Replacement ABL Credit Agreement.

"ABL Collateral" shall mean all of the property and interests in property, real or personal, tangible or intangible, now owned or hereafter acquired by any Grantor in or upon which any ABL Secured Party, in its capacity as such, at any time has (or is purported to be granted) a Lien, and including all proceeds of such property and interests in property.

"ABL Credit Agreement" shall have the meaning set forth in the recitals to this Agreement.

"ABL Lenders" shall mean, collectively, any person party to any ABL Loan Documents as a lender.

"ABL Loan Documents" shall mean (i) the ABL Credit Agreement, the ABL Security Documents and each of the other "Loan Documents" as defined in the ABL Credit Agreement, (ii) any Replacement ABL Credit Agreement and (iii) any other related document or instrument executed or delivered pursuant to any document in subclauses (i) or (ii) at any time or otherwise evidencing or securing any Obligation arising under any such ABL Loan Document.

"ABL Obligations" shall mean the "Obligations" as such term is defined in the ABL Credit Agreement or any Replacement ABL Credit Agreement and all other obligations, liabilities and Indebtedness of every kind, nature and description owing by any Grantor to any ABL Secured Party, including principal, interest, charges, fees, premiums, indemnities and expenses (including attorneys' fees and expenses), however evidenced, whether as principal, surety, endorser, guarantor or otherwise, evidenced by or arising under the ABL Loan Documents, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the ABL Loan Documents or after the commencement of any case with respect to any Grantor under any Bankruptcy Law or any other Insolvency or Liquidation Proceeding (and including any principal, interest, fees, costs, expenses and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"ABL Priority Collateral" shall mean all Collateral consisting of the following:

(1) all Accounts;

(2) all contract rights under agreements relating to Accounts;

(3) all Deposit Accounts, Commodity Accounts, Securities Accounts, including all Money and Certificated Securities, Uncertificated Securities, Securities Entitlements and Investment Property credited thereto or deposited therein (including all

cash, marketable securities and other funds held in or on deposit in any such Deposit Account, Commodity Account or Securities Account), and all cash and cash equivalents (in each case, other than (i) Equity Interests and (ii) identifiable proceeds of the Term Loan Priority Collateral and any Deposit Account and cash therein designated by the Borrower to each Agent in accordance with Section 9.8 as solely not constituting proceeds of ABL Priority Collateral, including any such account for proceeds (including asset sale proceeds) of any Term Loan/Notes Priority Collateral, the proceeds of any issuance of Equity Interests or incurrence of Indebtedness, tax refunds, insurance proceeds other than those described under clause (6) below, monetary judgments to the extent unrelated to Accounts or other ABL Priority Collateral, and indemnity payments relating to the sale of assets other than ABL Priority Collateral));

(4) all Instruments, Chattel Paper, Payment Intangibles and General Intangibles evidencing, governing or otherwise pertaining to any of the foregoing (other than any Equity Interests and Intellectual Property);

(5) all books and Records, account ledgers, data processing records, computer software, other property, Supporting Obligations, Documents and related letters of credit, Letter-of-Credit Rights, Commercial Tort Claims or other claims and causes of action, in each case, to the extent related primarily to, or arising from, any of the foregoing;

(6) all claims under policies of business interruption insurance or otherwise relating to Accounts; and

(7) all substitutions, replacements, accessions, products and Proceeds (including, without limitation, business interruption insurance Proceeds) of all or any of the foregoing.

"ABL Recovery" shall have the meaning set forth in Section 6.5.

"ABL Secured Parties" shall mean, collectively, (a) the ABL Agent, (b) the ABL Lenders, (c) the Issuing Banks with respect to letters of credit or similar instruments under the ABL Credit Agreement or under any Replacement ABL Credit Agreement, (d) each other person to whom any ABL Obligations are owed and (e) the successors and assigns of each of the foregoing.

"ABL Security Documents" shall mean the "Security Documents" as defined in the ABL Credit Agreement or any similar term under any Replacement ABL Credit Agreement.

"ABL Standstill Period" shall have the meaning set forth in Section 3.1(b).

"Additional Agent" shall mean any agent, trustee or other representative (if any) of the Additional Holders of any Additional Debt.

"Additional Debt" shall have the meaning set forth in Section 9.3(g).

"Additional Holder" shall mean, collectively, any person party to any Additional Senior-Priority Document or any Additional Junior-Priority Document as a lender, noteholder, owner, holder or creditor.

"Additional Junior-Priority Debt" shall mean Additional Debt, the obligations of which are, or are intended to be, secured by Liens on the Collateral that rank junior in priority (without regard to the control of remedies) to the Senior-Priority Obligations.

"Additional Junior-Priority Document" shall mean any agreement, document or instrument governing or evidencing any Additional Junior-Priority Debt.

"Additional Senior-Priority Debt" shall mean Additional Debt, the obligations of which are, or are intended to be, secured by Liens on the Collateral that rank equal in priority (without regard to the control of remedies) with the obligations under the Senior-Priority Non-ABL Loan Agreement, the 2021 Secured Notes Indenture and the 2023 Secured Notes Indenture.

"Additional Senior-Priority Document" shall mean any agreement, document or instrument governing or evidencing any Additional Senior-Priority Debt.

"Agents" shall mean, collectively, the ABL Agent, each Senior-Priority Agent and each Junior-Priority Agent, sometimes being referred to herein individually as an "Agent".

"Agreement" shall mean this ABL Intercreditor Agreement.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, being Title 11 of the United States Code.

"Bankruptcy Law" means 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 and affecting the rights of creditors generally.

"Borrower" shall have the meaning set forth in the preamble to this Agreement and shall include (a) any other Person that at any time after the date hereof becomes a borrower or issuer in respect of any Obligations and (b) their respective successors and assigns.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day that is a legal holiday under the Laws of the State of New York or on which banking institutions in the State of New York are required or authorized by Law or other governmental action to close.

"Cash Collateral" shall mean any Collateral consisting of cash or cash equivalents, any Security Entitlement and any Financial Assets.

"Cash Dominion Period" shall have the meaning assigned to such term in the ABL Credit Agreement (or any similar term under any Replacement ABL Credit Agreement).

"Collateral" shall mean, collectively, the ABL Collateral and the Term Loan/Notes Collateral.

"Debt Agreements" shall mean, collectively, the ABL Credit Agreement, any Replacement ABL Credit Agreement, the Senior-Priority Non-ABL Loan Agreement, the 2021 Secured Notes Indenture (including the notes authenticated and issued thereunder), the 2023 Secured Notes Indenture (including the notes authenticated and issued thereunder) and any other credit agreement, indenture, note purchase agreement or other operative document that is entered into by the Borrower in connection with its incurrence or issuance of Additional Debt.

"Deposit Account Collateral" shall mean that part of the Collateral comprised of or contained in Deposit Accounts.

"Designated Term Loan/Notes Agent" shall mean, initially, the "Applicable Authorized Representative" (or similar term) under the Senior-Priority Pari Passu Intercreditor Agreement; provided that if the Discharge of Senior-Priority Obligations has occurred, (i) if there is then only one Junior-Priority Agent, such Junior-Priority Agent shall be the Designated Term Loan/Notes Agent and (ii) if the Junior-Priority Pari Passu Intercreditor Agreement is then in effect, the "Applicable Authorized Representative" (or similar term) thereunder shall be the Designated Term Loan/Notes Agent. Where the context requires, references to the Designated Term Loan/Notes Agent shall also be deemed to refer to the Senior-Priority Collateral Agent (or any other collateral agent) acting at the direction of the Designated Term Loan/Notes Agent.

"DIP Financing" shall have the meaning set forth in Section 6.1.

"DIP Financing Liens" shall have the meaning set forth in Section 6.1.

"Discharge of ABL Obligations" shall mean, subject to the terms of Section 9.3 hereof, (a) the termination of the commitments of the ABL Lenders and the financing arrangements provided by the ABL Lenders and the other ABL Secured Parties to the Grantors under the ABL Loan Documents, (b) the payment in full in cash of the ABL Obligations (other than the ABL Obligations described in clause (c) of this definition and any ABL Obligations consisting of unasserted contingent obligations) and (c) payment in full in cash, cash collateralization or at the option of the applicable Issuing Bank, the delivery to such Issuing Bank of a letter of credit payable to such Issuing Bank, in either case to the extent required under the terms of the ABL Credit Agreement, in respect of letters of credit issued under the ABL Loan Documents. If, after receipt of any payment of, or proceeds of Collateral applied to the payment of, the ABL Obligations, the ABL Agent or any other ABL Secured Party is required to surrender or return such payment or proceeds to any person for any reason, then the ABL Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall

continue in full force and effect as if such payment or proceeds had not been received by such ABL Agent or other ABL Secured Party, as the case may be, and no Discharge of ABL Obligations shall be deemed to have occurred.

"Discharge of Junior-Priority Obligations" shall mean, subject to the terms of Section 9.3 hereof, the payment in full in cash of the Junior-Priority Obligations (other than any Junior-Priority Obligations consisting of unasserted contingent obligations). If, after receipt of any payment of, or proceeds of Collateral applied to the payment of, the Junior-Priority Obligations, any Junior-Priority Agent or any other Junior-Priority Secured Party is required to surrender or return such payment or proceeds to any person for any reason, then the Junior-Priority Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by such Junior-Priority Agent or other Junior-Priority Secured Party, as the case may be, and no Discharge of Junior-Priority Obligations shall be deemed to have occurred.

"Discharge of Senior-Priority Obligations" shall mean, subject to the terms of Section 9.3 hereof, the termination of the commitments of the Senior-Priority Lenders and the financing arrangements provided by the Senior-Priority Lenders and the other applicable Senior-Priority Secured Parties to the Grantors under the Senior-Priority Non-ABL Loan Agreement, (b) the payment in full in cash of the Senior-Priority Obligations (other than the Senior-Priority Obligations described in clause (c) of this definition and any Senior-Priority Obligations consisting of unasserted contingent obligations) and (c) payment in full in cash, cash collateralization or at the option of the applicable Issuing Bank or Senior-Priority Secured Party to whom any Term Loan Hedging/Cash Management Obligations are owed, the delivery to such Issuing Bank or other Senior-Priority Secured Party of a letter of credit payable to such Issuing Bank or other Senior-Priority Secured Party in either case to the extent required under the terms of the Senior-Priority Non-ABL Loan Agreement, in respect of letters of credit issued under the Senior-Priority Non-ABL Loan Agreement and Term Loan Hedging/Cash Management Obligations, respectively. If, after receipt of any payment of, or proceeds of Collateral applied to the payment of, the Senior-Priority Obligations, any Senior-Priority Agent or any other Senior-Priority Secured Party is required to surrender or return such payment or proceeds to any person for any reason, then the Senior-Priority Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by such Senior-Priority Agent or other Senior-Priority Secured Party, as the case may be, and no Discharge of Senior-Priority Obligations shall be deemed to have occurred.

"Discharge of Term Loan/Notes Obligations" shall mean, collectively, the Discharge of Senior-Priority Obligations and the Discharge of Junior-Priority Obligations.

"Equity Interests" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other

equity interests in any person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

"First Priority Agent" shall mean, with respect to (a) any ABL Priority Collateral, the ABL Agent, and (b) any Term Loan/Notes Priority Collateral, the Designated Term Loan/Notes Agent and, prior to the Discharge of Senior-Priority Obligations, unless the context otherwise requires, the Senior-Priority Collateral Agent.

"First Priority Collateral" shall mean, with respect to (a) the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties, the Term Loan/Notes Priority Collateral, and (b) the ABL Agent and the ABL Secured Parties, the ABL Priority Collateral.

"First Priority Documents" shall mean, with respect to (a) any ABL Priority Collateral, the ABL Loan Documents, and (b) any Term Loan/Notes Priority Collateral, the Term Loan/Notes Documents.

"First Priority Obligations" shall mean, with respect to (a) any ABL Priority Collateral, the ABL Obligations, and (b) any Term Loan/Notes Priority Collateral, the Term Loan/Notes Obligations.

"First Priority Secured Parties" shall mean, with respect to (a) any ABL Priority Collateral, the ABL Secured Parties and (b) any Term Loan/Notes Priority Collateral, the Term Loan/Notes Secured Parties.

"Future Secured Term Indebtedness" shall mean Additional Senior-Priority Debt or Additional Junior-Priority Debt that is so designated by the Borrower at the time of incurrence thereof as Future Secured Term Indebtedness hereunder in accordance with Section 9.3; provided that such Indebtedness is incurred, and the Liens securing such Indebtedness are granted, in compliance with the ABL Credit Agreement, the Senior-Priority Non-ABL Loan Agreement, the 2021 Secured Notes Indenture, the 2023 Secured Notes Indenture and each other Additional Senior-Priority Document and Additional Junior-Priority Document then in effect, as applicable; provided, further, that the Additional Holders of such Future Secured Term Indebtedness (or the applicable Additional Agent on their behalf) shall enter into an Intercreditor Agreement Joinder pursuant to Section 9.3.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Grantors" shall mean, collectively, Parent, the Borrower, the Guarantors and each Subsidiary of the Borrower or any Guarantor that shall have created (or purported to create) a Lien on its assets to secure any ABL Obligations or Term Loan/Notes Obligations, together with their respective successors and assigns.

"Guarantors" shall mean, collectively, (a) Parent, (b) the other Guarantors identified on the signature pages hereto, (c) any other Person that at any time after the date hereof becomes a party to a guarantee in favor of any of the ABL Secured Parties in respect of any of the ABL Obligations, any of the Senior-Priority Secured Parties in respect of any of the Senior-Priority Obligations or any of the Junior-Priority Secured Parties in respect of any of the Junior-Priority Obligations and (d) their respective successors and assigns.

"Indebtedness" shall have the meaning provided in the ABL Credit Agreement or the Senior-Priority Non-ABL Loan Agreement as in effect on the date hereof, as the context may require.

"Initial Senior-Priority Agent" shall mean each of the Senior-Priority Collateral Agent, the Senior-Priority Non-ABL Loan Agent, the 2021 Secured Notes Trustee and the 2023 Secured Notes Trustee.

"Insolvency or Liquidation Proceeding" shall mean (a) any voluntary or involuntary case or proceeding under any Bankruptcy Law with respect to any Grantor, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Grantor or with respect to any of their respective assets, (c) any proceeding seeking the appointment of any trustee, receiver, liquidator, custodian or other insolvency official with similar powers with respect to such Person or any or all of its assets or properties, (d) any liquidation, dissolution, reorganization or winding up of any Grantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (e) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Grantor.

"Intellectual Property" shall have the meaning set forth in the ABL Security Documents in effect on the date hereof.

"Intercreditor Agreement Joinder" shall mean, with respect to any Grantor or any Additional Agent, an agreement substantially in the form of Exhibit A hereto, executed by such Grantor or such Additional Agent, as applicable, and delivered by it to each Term Loan/Notes Agent, the ABL Agent and the Borrower.

"Issuing Bank" shall mean, as the context requires, any "Issuing Bank" as defined in the ABL Credit Agreement or the Senior-Priority Non-ABL Loan Agreement or any similar term under any Replacement ABL Credit Agreement or any Additional Senior-Priority Document.

"Junior-Priority Agent" shall mean any Additional Agent and its successors and assigns, including any replacement or successor agent or trustee or any additional agent or trustee, in its capacity as agent, trustee or other representative (if any) under any applicable Additional Junior-Priority Documents.

"Junior-Priority Documents" shall mean (i) any Additional Junior-Priority Document and (ii) any other related document or instrument executed or delivered

pursuant to any document in subclause (i) at any time or otherwise evidencing or securing any Obligation arising under any such Junior-Priority Document.

"Junior-Priority Holders" shall mean, collectively, any person in the capacity as a lender, noteholder, owner, holder or creditor under any Junior-Priority Document (and, including any other lender, noteholder, owner, holder or creditor or group of lenders, noteholders, owners, holders or creditors that at any time Refinances all or any portion of the Junior-Priority Obligations or any person otherwise in the capacity of a lender, noteholder, owner, holder or creditor); sometimes being referred to herein individually as a "Junior-Priority Holder".

"Junior-Priority Intercreditor Agreement" shall mean an intercreditor agreement, among the Senior-Priority Agents, one or more Junior-Priority Agents, and the Grantors from time to time party thereto.

"Junior-Priority Obligations" shall mean all obligations, liabilities and Indebtedness of every kind, nature and description owing by any Grantor to the Junior-Priority Agent or any Junior-Priority Secured Party, including principal, interest, charges, fees, premiums, indemnities and expenses (including attorneys' fees and expenses), however evidenced, whether as principal, surety, endorser, guarantor or otherwise, evidenced by or arising under any of the Junior-Priority Documents, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Junior-Priority Documents or after the commencement of any case with respect to any Grantor under the Bankruptcy Code or any other Insolvency or Liquidation Proceeding (and including any principal, interest, fees, costs, expenses and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"Junior-Priority Pari Passu Intercreditor Agreement" shall mean an intercreditor agreement among Parent, the Borrower and certain Subsidiaries of the Borrower party thereto, and the Junior-Priority Agents with respect to Junior-Priority Obligations.

"Junior-Priority Secured Parties" shall mean, collectively, (a) each Junior-Priority Agent, (b) the Junior-Priority Holders, (c) each other person to whom any Junior-Priority Obligations are owed and (d) the successors and assigns of each of the foregoing.

"Junior-Priority Security Documents" shall mean any Additional Junior-Priority Document that creates and/or perfects or purports to create and/or perfect any Lien on the Collateral for the benefit of the applicable Junior-Priority Secured Parties under such Additional Junior-Priority Documents.

"Law" shall mean, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents, orders, decrees, injunctions 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.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset. For the avoidance of doubt, the term "Lien" shall not be deemed to include any license of intellectual property.

"Obligations" shall mean, as applicable, any ABL Obligations, any Senior-Priority Obligations or any Junior-Priority Obligations.

"Ordinary Course Collections" shall have the meaning set forth in Section 4.2.

"Parent" shall have the meaning set forth in the preamble to this Agreement.

"Pari Passu Intercreditor Agreement" shall mean a Senior-Priority Pari Passu Intercreditor Agreement or a Junior-Priority Pari Passu Intercreditor Agreement.

"Patents" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or the equivalent thereof in any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office (or any successor or any similar offices in any other country), and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to exclude others from making, using and/or selling the inventions disclosed or claimed therein.

"Payment Collateral" shall mean all Accounts, Instruments, Chattel Paper, Letter-of-Credit Rights, Deposit Accounts, Securities Accounts and Payment Intangibles, together with all Supporting Obligations, in each case composing a portion of the Collateral.

"Person" or "person" shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership, Governmental Authority or other entity.

"Pledged Collateral" shall mean the Collateral in the possession of the ABL Agent (or its agents or bailees) or a Term Loan/Notes Agent (or its agents or bailees), to the extent that possession thereof perfects a Lien thereon under the Uniform Commercial Code or other applicable Law.

"Refinance" shall mean, with respect to any Indebtedness (the "Refinanced Indebtedness"), to incur any Indebtedness in exchange for or as a replacement of

(including by entering into alternative financing arrangements in respect of such exchange or replacement (in whole or in part), by adding or replacing lenders, creditors, agents, borrowers and/or guarantors, or, after the original instrument giving rise to such Indebtedness has been terminated, by entering into any credit agreement, loan agreement, note purchase agreement, indenture or other agreement), or the net proceeds of which are to be used for the purpose of modifying, extending, refinancing, renewing, replacing, redeeming, repurchasing, defeasing, amending, supplementing, restructuring, repaying, prepaying, retiring, extinguishing or refunding such Refinanced Indebtedness. "Refinanced" and "Refinancing" have correlative meanings.

"Replacement ABL Credit Agreement" shall have the meaning set forth in Section 9.3(b).

"Second Priority Agent" shall mean, with respect to (a) any ABL Priority Collateral, the Designated Term Loan/Notes Agent and, prior to the Discharge of Senior-Priority Obligations, unless the context otherwise requires, the Senior-Priority Collateral Agent and (b) any Term Loan/Notes Priority Collateral, the ABL Agent.

"Second Priority Documents" shall mean, with respect to (a) any ABL Priority Collateral, the Term Loan/Notes Documents, and (b) any Term Loan/Notes Priority Collateral, the ABL Loan Documents.

"Second Priority Obligations" shall mean, with respect to (a) any ABL Priority Collateral, the Term Loan/Notes Obligations, and (b) any Term Loan/Notes Priority Collateral, the ABL Obligations.

"Second Priority Secured Parties" shall mean, with respect to (a) any ABL Priority Collateral, the Term Loan/Notes Secured Parties, and (b) any Term Loan/Notes Priority Collateral, the ABL Secured Parties.

"Secured Parties" shall mean the ABL Secured Parties or the Term Loan/Notes Secured Parties, or both, as the context requires.

"Senior-Priority Agent" shall mean, initially, each Initial Senior-Priority Agent and, if applicable after the date hereof, any Additional Agent and its successors and assigns, including any replacement or successor agent or any additional agent, in its capacity as agent, trustee or other representative (if any) under any applicable Additional Senior-Priority Documents.

"Senior-Priority Collateral Agent" shall mean Credit Suisse AG, in its capacity as collateral agent under the Senior-Priority Documents to which it is a party, and also includes its successors and assigns, including any replacement or successor collateral agent or any additional collateral agent under the Senior-Priority Documents.

"Senior-Priority Documents" shall mean, collectively, (i) the Senior-Priority Non-ABL Loan Agreement, the 2021 Secured Notes Indenture (including the notes authenticated and issued thereunder), the 2023 Secured Notes Indenture (including the notes authenticated and issued thereunder) and the Senior-Priority Security Documents,

(ii) any Additional Senior-Priority Document and (iii) any other related document or instrument executed or delivered pursuant to any document in subclauses (i) and (ii) at any time or otherwise evidencing or securing any obligation arising under any such Senior-Priority Document.

"Senior-Priority Guarantee and Collateral Agreement" shall mean the Amended and Restated Guarantee and Collateral Agreement dated as of July 25, 2007, as amended and restated as of November 5, 2010, among Parent, the Borrower, the subsidiaries of the Borrower from time to time party thereto, and the Senior-Priority Collateral Agent.

"Senior-Priority Holders" shall mean, collectively, any person in the capacity of a lender, noteholder, owner, holder or creditor under any Senior-Priority Document (and, including any other lender, noteholder, owner, holder or creditor or group of lenders, noteholders, owners, holders or creditors that at any time Refinances all or any portion of the Senior-Priority Obligations or any person otherwise in the capacity of a lender, noteholder, owner, holder or creditor under any Senior-Priority Document) (including the Senior-Priority Lenders); sometimes being referred to herein individually as a "Senior-Priority Holder".

"Senior-Priority Lenders" shall mean, collectively, any person party to Senior-Priority Non-ABL Loan Agreement as a lender.

"Senior-Priority Non-ABL Loan Agent" shall mean, initially, Credit Suisse AG, in its capacity as administrative agent under the Senior-Priority Non-ABL Loan Agreement and the other Senior-Priority Documents to which it is a party.

"Senior-Priority Non-ABL Loan Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Senior-Priority Obligations" shall mean the "Obligations" as defined in the Senior-Priority Guarantee and Collateral Agreement and all other obligations, liabilities and Indebtedness of every kind, nature and description owing by any Grantor to any Senior-Priority Secured Party, including principal, interest, charges, fees, premiums, indemnities and expenses (including attorneys' fees and expenses), however evidenced, whether as principal, surety, endorser, guarantor or otherwise, evidenced by or arising under any of the Senior-Priority Documents, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Senior-Priority Documents or after the commencement of any case with respect to any Grantor under the Bankruptcy Code or any other Insolvency or Liquidation Proceeding (and including any principal, interest, fees, costs, expenses and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"Senior-Priority Pari Passu Intercreditor Agreement" shall mean (i) the First Lien Intercreditor Agreement dated as of August 17, 2012, among the Senior-Priority

Collateral Agent, the Senior-Priority Non-ABL Loan Agent, the 2021 Secured Notes Trustee, the 2023 Secured Notes Trustee and each additional authorized representative from time to time party thereto and (ii) any other intercreditor agreement among the Senior-Priority Agents.

"Senior-Priority Secured Parties" shall mean, collectively, (a) each Senior-Priority Agent, (b) the Senior-Priority Holders, (c) the Issuing Banks with respect to letters of credit or similar instruments under the Senior-Priority Non-ABL Loan Agreement, (d) each other Person to whom any Senior-Priority Obligations are owed (including any Person to whom Term Loan Hedging/Cash Management Obligations are owed) and (e) the successors and assigns of each of the foregoing.

"Senior-Priority Security Documents" shall mean (i) the Senior-Priority Guarantee and Collateral Agreement and all other "Security Documents" as defined in the Senior-Priority Non-ABL Loan Agreement, (ii) the "Notes Collateral Documents" as defined in the 2021 Secured Notes Indenture and as defined in the 2023 Secured Notes Indenture and (iii) any similar term used in any Senior-Priority Document to describe any Senior-Priority Document that creates and/or perfects or purports to create and/or perfect any Lien on the Collateral for the benefit of the applicable Senior-Priority Secured Parties under such Senior-Priority Documents.

"Subsidiary" shall mean any "Subsidiary" of the Borrower or any Guarantor as defined in the Senior-Priority Non-ABL Loan Agreement and the ABL Credit Agreement.

"Term Loan Hedging/Cash Management Obligations" shall mean all obligations described in clause (b) of the definition of "Bank Loan Obligations" in the Senior-Priority Guarantee and Collateral Agreement.

"Term Loan/Notes Agents" shall mean, collectively, the Senior-Priority Collateral Agent, the Senior-Priority Non-ABL Loan Agent, the 2021 Secured Notes Trustee, the 2023 Secured Notes Trustee, any Junior Priority Agents and each Additional Agent for any Future Secured Term Indebtedness or the Additional Holders thereof.

"Term Loan/Notes Agreements" shall mean, collectively, the Senior-Priority Non-ABL Loan Agreement, the 2021 Secured Notes Indenture (including the notes authenticated and issued thereunder), the 2023 Secured Notes Indenture (including the notes authenticated and issued thereunder) and each Debt Agreement with respect to any Future Secured Term Indebtedness.

"Term Loan/Notes Collateral" shall mean all of the property and interests in property, real or personal, tangible or intangible, now owned or hereafter acquired by any Grantor in or upon which any Term Loan/Notes Secured Party at any time has (or is purported to have) a Lien, and including all proceeds of such property and interests in property.

"Term Loan/Notes Documents" shall mean (i) the Term Loan/Notes Agreements, the Term Loan/Notes Security Documents and each of the other Senior-Priority

Documents and Junior-Priority Documents, (ii) any Debt Agreement or other document or instrument evidencing or governing any Future Secured Term Indebtedness and any related collateral documents, (iii) each agreement, document or instrument providing for or evidencing Term Loan Hedging/Cash Management Obligations, (iv) the Senior-Priority Pari Passu Intercreditor Agreement, any Junior-Priority Pari Passu Intercreditor Agreement and any Junior-Priority Intercreditor Agreement and (v) any other related document or instrument executed or delivered pursuant to any document in subclauses (i) through (iv) at any time or otherwise evidencing or securing any Obligation arising under any such Term Loan/Notes Document.

"Term Loan/Notes Obligations" shall mean, collectively, the Senior-Priority Obligations and the Junior-Priority Obligations.

"Term Loan/Notes Priority Collateral" shall mean all Collateral (other than ABL Priority Collateral, all identifiable (including pursuant to designation by the Borrower) cash, Money, Instruments, Securities, Financial Assets and Deposit Accounts directly received as proceeds of any Term Loan/Notes Priority Collateral).

"Term Loan/Notes Recovery" shall have the meaning set forth in Section 6.5 hereof.

"Term Loan/Notes Secured Parties" shall mean the Senior-Priority Secured Parties and the Junior-Priority Secured Parties.

"Term Loan/Notes Security Documents" shall mean the Senior-Priority Security Documents and the Junior-Priority Security Documents.

"Term Loan/Notes Standstill Period" shall have the meaning set forth in Section 3.1(a).

"Trademarks" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all registered trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and applications for registration (other than intent-to-use applications) in the United States Patent and Trademark Office (or any successor office) or any similar offices in any State of the United States, and all extensions or renewals thereof, and (b) all goodwill associated therewith or symbolized thereby.

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, by reason of mandatory provisions of Law, perfection or the effect of perfection or non-perfection or the priority of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating

to such perfection or effect of perfection or non-perfection or priority or availability of such remedy, as the case may be.

1.2. Terms Generally. 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 deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted by such agreement, instrument or other document, (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, and as to the Borrower, any Guarantor or any other Grantor, shall be deemed to include a receiver, trustee or debtor-in-possession on behalf of any of such person or on behalf of any such successor or assign, (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, (d) except as otherwise expressly provided, all references herein to Sections shall be construed to refer to Sections of this Agreement, (e) 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 (f) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.3. UCC Definitions. The following terms which are defined in uncapitalized form or otherwise defined in Articles 8 or 9 of the Uniform Commercial Code are used herein as so defined or used, as the context requires: Chattel Paper, Commercial Tort Claims, Commodity Account, Deposit Account, Document, Electronic Chattel Paper, Equipment, Financial Asset, Fixtures, General Intangible, Inventory, Letter-of-Credit Right, Payment Intangible, Proceeds, Records, Securities Account, Security Entitlement, Supporting Obligation and Tangible Chattel Paper.

**Section 2. Priority of Liens.**

2.1. Subordination of Liens. Notwithstanding the date, manner or order of grant, attachment or perfection of any Liens granted to the ABL Agent or the ABL Secured Parties or the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties and notwithstanding any provision of the UCC or any applicable Law or any provisions of the ABL Loan Documents or the Term Loan/Notes Documents or any other circumstance whatsoever, the ABL Agent, for itself and on behalf of each ABL Secured Party, and each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, hereby agrees that:

(a) any Lien on the ABL Priority Collateral securing any ABL Obligations now or hereafter held by or for the benefit of or on behalf of any ABL Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other

respects to any Lien on the ABL Priority Collateral securing any Term Loan/Notes Obligations now or hereafter held by or for the benefit or on behalf of any Term Loan/Notes Secured Party or any agent or trustee therefor,

(b) any Lien on the ABL Priority Collateral securing any Term Loan/Notes Obligations now or hereafter held by or for the benefit of or on behalf of any Term Loan/Notes Secured Party or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens on the ABL Priority Collateral securing any ABL Obligations now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor,

(c) any Lien on the Term Loan/Notes Priority Collateral securing any Term Loan/Notes Obligations now or hereafter held by or for the benefit of or on behalf of any Term Loan/Notes Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other respects to any Lien on the Term Loan/Notes Priority Collateral securing any ABL Obligations now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor, and

(d) any Lien on the Term Loan/Notes Priority Collateral securing any ABL Obligations now or hereafter held by or for the benefit of or on behalf of any ABL Secured Party or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens on the Term Loan/Notes Priority Collateral securing any Term Loan/Notes Obligations now or hereafter held by or for the benefit or on behalf of any Term Loan/Notes Secured Party or any agent or trustee therefor.

All Liens on the ABL Priority Collateral securing any ABL Obligations shall be and remain senior in all respects and prior to all Liens on the ABL Priority Collateral securing any Term Loan/Notes Obligations for all purposes, whether or not such Liens securing any ABL Obligations are subordinated to any Lien securing any other obligation of the Borrower, any other Grantor or any other Person, and all Liens on the Term Loan/Notes Priority Collateral securing any Term Loan/Notes Obligations shall be and remain senior in all respects and prior to all Liens on the Term Loan/Notes Priority Collateral securing any ABL Obligations for all purposes, whether or not such Liens securing any Term Loan/Notes Obligations are subordinated to any Lien securing any other obligation of the Borrower, any other Grantor or any other Person.

2.2. Prohibition on Contesting Liens. The ABL Agent, for itself and on behalf of each ABL Secured Party, and each Term Loan/Notes Agent, for itself and on behalf of each applicable Term Loan/Notes Secured Party, agrees that it shall not (and hereby waives any right to) contest, or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the perfection, priority, validity or enforceability of a Lien held by or for the benefit or on behalf of any ABL Secured Party in any Collateral or by or on behalf of any of the Term Loan/Notes Secured Parties in any Collateral, as the case may be; provided that nothing in this Agreement shall be construed to prevent or impair the rights of any ABL Secured Party or Term Loan/Notes Secured Party to enforce this Agreement.

2.3. No New Liens.

(a) So long as the Discharge of ABL Obligations has not occurred, the parties hereto agree that, after the date hereof, except as otherwise provided herein, if any Term Loan/Notes Secured Party shall hold any Lien on any assets of any Grantor securing any Term Loan/Notes Obligations that are not also subject to the Lien of the ABL Agent under the ABL Loan Documents (except for any assets that are expressly not required to be subject to a Lien of the ABL Agent under the ABL Loan Documents), such Grantor shall promptly give written notice thereof to the ABL Agent and shall grant a Lien thereon to the ABL Agent in a manner and on terms reasonably satisfactory to the ABL Agent.

(b) So long as the Discharge of Term Loan/Notes Obligations has not occurred, the parties hereto agree that, after the date hereof, except as otherwise provided herein, if any ABL Secured Party shall hold any Lien on any assets of any Grantor securing any ABL Obligations that are not also subject to the Lien of each applicable Term Loan/Notes Agent under the applicable Term Loan/Notes Documents (except for any assets that are expressly not required to be subject to a Lien of such Term Loan/Notes Agent under the applicable Term Loan/Notes Documents), such Grantor shall promptly give written notice thereof to the applicable Term Loan/Notes Agent and shall grant a Lien thereon to such Term Loan/Notes Agent in a manner and on terms reasonably satisfactory to such Term Loan/Notes Agent.

(c) To the extent that the provisions of this Section 2.3 are not complied with for any reason, without limiting any other right or remedy available to any First Priority Agent or any other applicable First Priority Secured Party, each Second Priority Agent agrees, for itself and on behalf of the other Second Priority Secured Parties, that any amount received by or distributed to any such Second Priority Secured Party pursuant to or as a result of any Lien granted in contravention of this Section shall be subject to Section 4 hereof.

(d) Notwithstanding anything in this Agreement to the contrary, (i) cash and cash equivalents may be pledged to secure ABL Obligations consisting of reimbursement obligations in respect of Letters of Credit (as such term is defined in the ABL Credit Agreement or any similar term under any Replacement ABL Credit Agreement) or otherwise as required by Section 2.23 of the ABL Credit Agreement (or any similar provision in any Replacement ABL Credit Agreement) and (ii) cash and cash equivalents may be pledged to secure Term Loan/Notes Obligations consisting of reimbursement obligations in respect of Letters of Credit (as such term is defined in the Senior-Priority Non-ABL Loan Agreement or any similar term under any Additional Senior-Priority Document) or otherwise as required by Section 2.23 of the Senior-Priority Non-ABL Loan Agreement (or any similar provision in any Additional Senior-Priority Document).

2.4. Perfect ion of Liens. With respect to any portion of the Collateral, no First Priority Agent nor any First Priority Secured Parties shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Collateral for the benefit of the Second Priority Agents and the Second Priority Secured Parties. The provisions of this Agreement are intended solely to govern the respective Lien priorities as between the ABL Secured Parties as a class on the one hand, and the Term Loan/Notes Secured Parties, as a class on the other hand, and shall not impose on the ABL Agent, the Term Loan/Notes Agents, the ABL Secured Parties,

the Term Loan/Notes Secured Parties or any agent or trustee therefor any obligations in respect of the disposition of proceeds of any Collateral which would conflict with prior perfected claims therein in favor of any other Person or any order or decree of any court or Governmental Authority or any applicable Law.

2.5. Waiver of Marshalling.

(a) Until the Discharge of ABL Obligations, each Term Loan/Notes Agent, on behalf of itself and the applicable Term Loan/Notes Secured Parties, agrees not to assert and hereby waives, to the fullest extent permitted by Law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable Law with respect to the ABL Priority Collateral or any other similar rights a junior secured creditor may have under applicable Law with respect to the ABL Priority Collateral.

(b) Until the Discharge of Term Loan/Notes Obligations, the ABL Agent, on behalf of itself and the ABL Secured Parties, agrees not to assert and hereby waives, to the fullest extent permitted by Law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable Law with respect to the Term Loan/Notes Priority Collateral or any other similar rights a junior secured creditor may have under applicable Law with respect to the Term Loan/Notes Priority Collateral.

**Section 3. Enforcement.**

3.1. Exercise of Remedies.

(a) So long as the Discharge of ABL Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Borrower or any other Grantor, each Term Loan/Notes Agent agrees, for itself and on behalf of the other applicable Term Loan/Notes Secured Parties, that, subject to Section 5.6:

(i) it will not (x) contest, protest or object to any foreclosure proceeding or action brought with respect to the ABL Priority Collateral by the ABL Agent or any ABL Secured Party in respect of the ABL Obligations or any other exercise by any such party of any rights and remedies relating to the ABL Priority Collateral or otherwise in respect of ABL Obligations, or (y) contest, protest or object to the forebearance by any ABL Secured Party from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to any of the ABL Priority Collateral in respect of ABL Obligations, and

(ii) except as otherwise provided herein, the ABL Agent and the ABL Secured Parties shall have the exclusive right to enforce rights, exercise remedies (including setoff and the right to credit bid their debt) and make determinations regarding the release, disposition or restrictions with respect to the ABL Priority Collateral and commence or seek to commence any action or proceeding with respect to such rights or remedies (including any foreclosure action or proceeding or any Insolvency or Liquidation Proceeding (provided that the ABL Agent and the ABL Secured Parties shall

only be permitted to commence an Insolvency or Liquidation Proceeding pursuant to applicable Law as contemplated by Section 5.4 hereof)) without any consultation with or the consent of any Term Loan/Notes Agent or any Term Loan/Notes Secured Party; provided, however, that (A) in any Insolvency or Liquidation Proceeding commenced by or against the Borrower or any other Grantor, each Term Loan/Notes Agent may file a proof of claim or statement of interest with respect to the applicable Term Loan/Notes Obligations and shall be entitled to file any proof of claim and other filings, make any arguments and motions and take any other action in order to preserve or protect their Liens on the ABL Collateral that are, in each case, in accordance with the terms of this Agreement, with respect to the Term Loan/Notes Obligations and the ABL Priority Collateral, (B) each Term Loan/Notes Agent may send such notices of the existence of, or any evidence or confirmation of, the applicable Term Loan/Notes Obligations or the Liens of such Term Loan/Notes Agent in the ABL Priority Collateral to any court or Governmental Authority, or file or record any such notice or evidence to the extent necessary to prove or preserve the Liens of such Term Loan/Notes Agent in the ABL Priority Collateral, (C) each Term Loan/Notes Agent may file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of any applicable Term Loan/Notes Secured Party, including any claims secured by the ABL Priority Collateral, or otherwise make any agreements or file any motions pertaining to the applicable Term Loan/Notes Obligations, in each case to the extent not inconsistent with the terms of this Agreement, (D) each Term Loan/Notes Agent may commence legal proceedings against a Grantor (but not any of the ABL Priority Collateral); provided that, such legal proceedings could not reasonably be expected to interfere with the rights of the ABL Agent or any other ABL Secured Party in and to the ABL Priority Collateral or the ABL Obligations or the exercise by the ABL Agent or any other ABL Secured Party of such rights and does not involve any contest or challenge to the validity, perfection, priority or enforceability of the Liens of the ABL Agent or any other ABL Secured Party or of the ABL Agent or any other ABL Obligations and in any event no Term Loan/Notes Agent may enforce any judgment against any of the ABL Priority Collateral, (E) the Term Loan/Notes Secured Parties may exercise rights and remedies that may be exercised by unsecured creditors to the extent provided in Section 5.4 hereof and not otherwise inconsistent with the terms hereof, including, in any Insolvency or Liquidation Proceeding, the right to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors arising under either Bankruptcy Law or applicable non-bankruptcy Law (other than initiating or joining in an involuntary case or proceeding under the Bankruptcy Code with respect to a Grantor, except as otherwise requested or expressly consented to in writing by the ABL Agent), in each case, in accordance with the terms of this Agreement; provided that any judgment Lien obtained by a Term Loan/Notes Secured Party as a result of such exercise of rights will be subject to this Agreement; provided further, that until the Discharge of ABL Obligations, if any Term Loan/Notes Agent or any other Term Loan/Notes Secured Party shall, at any time, receive any proceeds of any such judgment Lien, it shall pay such proceeds over to the ABL Agent in accordance with the terms of Section 4.4 and (F) in any Insolvency or Liquidation Proceeding, the Term Loan/Notes Secured Parties shall be entitled to vote on any plan of reorganization, in a

manner and to the extent consistent with the provisions hereof; provided, further, that a Term Loan/Notes Agent or any Term Loan/Notes Secured Party may exercise any or all of such rights, powers, or remedies after a period of at least 180 days has elapsed since the later of: (i) the first date on which all of the following have occurred: (w) a Term Loan/Notes Agent declared the existence of an "Event of Default" under any Term Loan/Notes Documents, (x) the payment of the principal amount of any of the Term Loan/Notes Obligations (to the extent such amount was not already due and owing) has been accelerated and (y) payment thereof has been demanded and (ii) the date on which the ABL Agent has received notice thereof from such Term Loan/Notes Agent; provided, further, however, that no Term Loan/Notes Agent nor any other Term Loan/Notes Secured Party shall exercise any rights or remedies with respect to the ABL Priority Collateral if, notwithstanding the expiration of such 180-day period, the ABL Agent or any other ABL Secured Party (1) shall have commenced, whether before or after the expiration of such 180-day period, and be diligently pursuing the exercise of their rights, powers, or remedies with respect to all or any material portion of the ABL Priority Collateral (prompt written notice of such exercise to be given to the Term Loan/Notes Agents, it being understood and agreed that (x) failure to deliver such notice shall not result in any liability of the ABL Secured Parties hereunder or impair any ABL Secured Party's right hereunder or under any of the ABL Loan Documents and (y) none of the following shall require such notice: (I) the exercise of rights pursuant to Section 2.04(f) of the ABL Credit Agreement by the ABL Agent or any ABL Secured Party during the continuance of a Cash Dominion Period, (II) the notification of account debtors, depository institutions or any other Person to deliver proceeds of ABL Priority Collateral to the ABL Agent in accordance with the ABL Loan Documents, (III) the establishment of borrowing base reserves, (IV) the taking of any action in connection with the attempt to receive, or the receipt, of Ordinary Course Collections and (V) the filing of a proof of claim in any Insolvency or Liquidation Proceeding), or (2) shall have been stayed by operation of Law or any court order from pursuing any such exercise of remedies (the period during which the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties may not pursuant to this Section 3.1(a)(ii) exercise any rights, powers, or remedies with respect to the ABL Priority Collateral, the "Term Loan/Notes Standstill Period"); provided further, however, that after the expiration of the Term Loan/Notes Standstill Period, so long as neither the ABL Agent nor any other ABL Secured Party has commenced any action to enforce its Lien on any material portion of the ABL Priority Collateral, in the event that and for so long as any Term Loan/Notes Secured Party (or the applicable Term Loan/Notes Agent on its behalf) have commenced any actions to enforce its Lien with respect to all or any material portion of the ABL Priority Collateral to the extent permitted hereunder and is diligently pursuing in good faith such actions, neither the ABL Secured Parties nor the ABL Agent shall take any action of a similar nature with respect to such ABL Priority Collateral without the prior written consent of the Term Loan/Notes Agents; provided that all other provisions of this Agreement are complied with. In exercising rights and remedies with respect to the ABL Priority Collateral, the ABL Agent and the ABL Secured Parties may enforce the provisions of the ABL Loan Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion consistent with the terms of the ABL Loan Documents. Such exercise and enforcement shall include the rights of an

agent or any holder of an irrevocable power of attorney appointed by them to sell or otherwise dispose of ABL Priority Collateral or other collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code and of a secured creditor under Bankruptcy Law of any applicable jurisdiction.

(b) So long as the Discharge of Term Loan/Notes Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Borrower or any other Grantor, the ABL Agent agrees, for itself and on behalf of the other ABL Secured Parties, that, subject to Section 5.6:

(i) it will not (x) contest, protest or object to any foreclosure proceeding or action brought with respect to the Term Loan/Notes Priority Collateral by a Term Loan/Notes Agent or any Term Loan/Notes Secured Party in respect of the Term Loan/Notes Obligations or any other exercise by any such party of any rights and remedies relating to the Term Loan/Notes Priority Collateral or otherwise in respect of the Term Loan/Notes Obligations, or (y) contest, protest or object to the forbearance by any Term Loan/Notes Secured Party from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to any of the Term Loan/Notes Priority Collateral in respect of Term Loan/Notes Obligations, and

(ii) except as otherwise provided herein, the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties shall have the exclusive right to enforce rights, exercise remedies (including setoff and the right to credit bid their debt) and make determinations regarding the release, disposition or restrictions with respect to the Term Loan/Notes Priority Collateral and commence or seek to commence any action or proceeding with respect to such rights or remedies (including any foreclosure action or proceeding or any Insolvency or Liquidation Proceeding (provided that the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties shall only be permitted to commence an Insolvency or Liquidation Proceeding pursuant to applicable Law as contemplated by Section 5.4 hereof)) without any consultation with or the consent of the ABL Agent or any ABL Secured Party; provided, however, that (A) in any Insolvency or Liquidation Proceeding commenced by or against the Borrower or any other Grantor, the ABL Agent may file a proof of claim or statement of interest with respect to the applicable ABL Obligations, (B) the ABL Agent may send such notices of the existence of, or any evidence or confirmation of, the ABL Obligations or the Liens of the ABL Agent in the Term Loan/Notes Priority Collateral to any court or Governmental Authority, or file or record any such notice or evidence to the extent necessary to prove or preserve the Liens of the ABL Agent in the Term Loan/Notes Priority Collateral and shall be entitled to file any proof of claim and other filings, make any arguments and motions and take any other action in order to preserve or protect their Liens on the Term Loan/Notes Priority Collateral that are, in each case, in accordance with the terms of this Agreement, with respect to the ABL Obligations and the Term Loan/Notes Priority Collateral, (C) the ABL Agent may file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of any ABL Secured Party, including any claims secured by the Term Loan/Notes Priority Collateral,

or otherwise make any agreements or file any motions pertaining to the ABL Obligations, in each case to the extent not inconsistent with the terms of this Agreement, (D) the ABL Agent may commence legal proceedings against a Grantor (but not any of the Term Loan/Notes Priority Collateral); provided that, such legal proceedings could not reasonably be expected to interfere with the rights of the Term Loan/Notes Agents or any other Term Loan/Notes Secured Party in and to the Term Loan/Notes Priority Collateral or the Term Loan/Notes Obligations or the exercise by the Term Loan/Notes Agents or any other Term Loan/Notes Secured Party of such rights and does not involve any contest or challenge to the validity, perfection, priority or enforceability of the Liens of the Term Loan/Notes Agents or any other Term Loan/Notes Secured Party or of the Term Loan/Notes Agents or any other Term Loan/Notes Obligations and in any event no ABL Agent may enforce any judgment against any of the Term Loan/Notes Priority Collateral, (E) the ABL Secured Parties may exercise rights and remedies that may be exercised by unsecured creditors to the extent provided in Section 5.4 hereof and not otherwise inconsistent with the terms hereof, including, in any Insolvency or Liquidation Proceeding, the right to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors arising under either Bankruptcy Law or applicable non-bankruptcy Law (other than initiating or joining in an involuntary case or proceeding under the Bankruptcy Code with respect to a Grantor, except as otherwise requested or expressly consented to in writing by the Term Loan/Notes Agents), in each case, in accordance with the terms of this Agreement; provided that any judgment Lien obtained by an ABL Secured Party as a result of such exercise of rights will be subject to this Agreement; provided further, that until the Discharge of Term Loan/Notes Obligations, if the ABL Agent or any other ABL Secured Party shall, at any time, receive any proceeds of any such judgment Lien, it shall pay such proceeds over to the Designated Term Loan/Notes Agent in accordance with the terms of Section 4.4 and (F) in any Insolvency or Liquidation Proceeding, the ABL Secured Parties shall be entitled to vote on any plan of reorganization, in a manner and to the extent consistent with the provisions hereof; provided, further, that the ABL Agent or any ABL Secured Party may exercise any or all of such rights, powers, or remedies after a period of at least 180 days has elapsed since the later of: (i) the first date on which all of the following have occurred: (w) the ABL Agent declared the existence of an “Event of Default” under the ABL Loan Documents, (x) the payment of the principal amount of all ABL Obligations under the ABL Loan Documents has been accelerated (to the extent such amount was not already due and owing) and (y) payment thereof has been demanded and (ii) the date on which each of the Term Loan/Notes Agents have received notice thereof from the ABL Agent; provided, further, however, that neither the ABL Agent nor any other ABL Secured Party shall exercise any rights or remedies with respect to the Term Loan/Notes Priority Collateral if, notwithstanding the expiration of such 180-day period, any Term Loan/Notes Agent or any other Term Loan/Notes Secured Party (1) shall have commenced, whether before or after the expiration of such 180-day period, and be diligently pursuing the exercise of its rights, powers, or remedies with respect to all or any material portion of the Term Loan/Notes Priority Collateral (prompt written notice of such exercise to be given to the ABL Agent, it being understood and agreed that failure to deliver such notice shall not result in any liability of the Term Loan/Notes Secured Parties hereunder or impair any Term Loan/Notes Secured

Party's rights hereunder or under any of the Term Loan/Notes Documents), or (2) shall have been stayed by operation of Law or any court order from pursuing any such exercise of remedies (the period during which the ABL Agent and the ABL Secured Parties may not pursuant to this Section 3.1(b)(ii) exercise any rights, powers, or remedies with respect to the Term Loan/Notes Priority Collateral, the "ABL Standstill Period"); provided further, however, that after the expiration of the ABL Standstill Period, so long as no Term Loan/Notes Agent nor any other Term Loan/Notes Secured Party has commenced any action to enforce its Lien on any material portion of the Term Loan/Notes Priority Collateral, in the event that and for so long as any ABL Secured Party (or the ABL Agent on its behalf) have commenced any actions to enforce its Lien with respect to all or any material portion of the Term Loan/Notes Priority Collateral to the extent permitted hereunder and are diligently pursuing in good faith such actions, neither the Term Loan/Notes Secured Parties nor the Term Loan/Notes Agents shall take any action of a similar nature with respect to such Term Loan/Notes Priority Collateral without the prior written consent of the ABL Agent; provided that all other provisions of this Agreement are complied with. In exercising rights and remedies with respect to the Term Loan/Notes Priority Collateral, the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties may enforce the provisions of the Term Loan/Notes Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion consistent with the terms of the Term Loan/Notes Documents. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Term Loan/Notes Priority Collateral or other collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code and of a secured creditor under any Bankruptcy Law of any applicable jurisdiction.

(c) So long as the Discharge of ABL Obligations has not occurred, each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, agrees that it will not take or receive any ABL Priority Collateral or any proceeds of ABL Priority Collateral in connection with the exercise of any right or remedy (including setoff or recoupment) with respect to any ABL Priority Collateral. Without limiting the generality of the foregoing, unless and until the Discharge of ABL Obligations has occurred, except as expressly provided in the provisos in clause (ii) of Section 3.1(a), the sole right of each Term Loan/Notes Agent and the Term Loan/Notes Secured Parties with respect to the ABL Priority Collateral is to hold a Lien on the ABL Priority Collateral pursuant to the Term Loan/Notes Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of ABL Obligations has occurred. So long as the Discharge of Term Loan/Notes Obligations has not occurred, the ABL Agent, on behalf of itself and each ABL Secured Party, agrees that it will not take or receive any Term Loan/Notes Priority Collateral or any proceeds of Term Loan/Notes Priority Collateral in connection with the exercise of any right or remedy (including setoff or recoupment) with respect to any Term Loan/Notes Priority Collateral. Without limiting the generality of the foregoing, unless and until the Discharge of Term Loan/Notes Obligations has occurred, except as expressly provided in the provisos in clause (ii) of Section 3.1(b), the sole right of the ABL Agent and the ABL Secured Parties with respect to the Term Loan/Notes Priority Collateral is to hold a Lien on the Term Loan/Notes Priority Collateral pursuant to the ABL Loan Documents for the period and to the extent granted

therein and to receive a share of the proceeds thereof, if any, after the Discharge of Term Loan/Notes Obligations has occurred.

(d) Subject to the provisos in clause (ii) of Section 3.1(a) above and Section 5.6, (i) each Term Loan/Notes Agent, for itself and on behalf of each applicable Term Loan/Notes Secured Party, agrees that the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties will not take any action that would hinder any exercise of remedies undertaken by the ABL Agent or the ABL Secured Parties with respect to the ABL Priority Collateral under the ABL Loan Documents, including any sale, lease, exchange, transfer or other disposition of the ABL Priority Collateral, whether by foreclosure or otherwise, and (ii) each Term Loan/Notes Agent, for itself and on behalf of each applicable Term Loan/Notes Secured Party, hereby waives any and all rights it or any such Term Loan/Notes Secured Party may have as a junior lien creditor or otherwise to object to the manner or order in which the ABL Agent or the ABL Secured Parties seek to enforce or collect the ABL Obligations with respect to the ABL Priority Collateral or the Liens granted in any of the ABL Priority Collateral, regardless of whether any action or failure to act by or on behalf of the ABL Agent or ABL Secured Parties is or could be adverse to the interests of the Term Loan/Notes Secured Parties. Subject to the provisos in clause (ii) of Section 3.1(b) above and Section 5.6, (i) the ABL Agent, for itself and on behalf of each ABL Secured Party, agrees that the ABL Agent and the ABL Secured Parties will not take any action that would hinder any exercise of remedies undertaken by any Term Loan/Notes Agent or the Term Loan/Notes Secured Parties with respect to the Term Loan/Notes Priority Collateral under the Term Loan/Notes Documents, including any sale, lease, exchange, transfer or other disposition of the Term Loan/Notes Priority Collateral, whether by foreclosure or otherwise, and (ii) the ABL Agent, for itself and on behalf of each ABL Secured Party, hereby waives any and all rights it or any ABL Secured Party may have as a junior lien creditor or otherwise to object to the manner or order in which the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties seek to enforce or collect the Term Loan/Notes Obligations with respect to the Term Loan/Notes Priority Collateral or the Liens granted in any of the Term Loan/Notes Priority Collateral, regardless of whether any action or failure to act by or on behalf of the Term Loan/Notes Agents or Term Loan/Notes Secured Parties is or could be adverse to the interests of the ABL Secured Parties.

(e) Each Term Loan/Notes Agent hereby acknowledges and agrees that no covenant, agreement or restriction contained in any Term Loan/Notes Document shall be deemed to restrict in any way the rights and remedies of the ABL Agent or the ABL Secured Parties with respect to the ABL Priority Collateral as set forth in this Agreement and the ABL Loan Documents. The ABL Agent hereby acknowledges and agrees that no covenant, agreement or restriction contained in any applicable ABL Loan Document shall be deemed to restrict in any way the rights and remedies of the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties with respect to the Term Loan/Notes Priority Collateral as set forth in this Agreement and the Term Loan/Notes Documents.

3.2. Cooperation.

(a) Subject to the provisos in clause (ii) of Section 3.1(a), each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, agrees that, unless and until the Discharge of ABL Obligations has occurred, it will not

commence, or join with any Person (other than the ABL Secured Parties and the ABL Agent upon the request thereof) in commencing, any enforcement, collection, execution, levy or foreclosure action or proceeding with respect to any Lien held by it in the ABL Priority Collateral under any of the applicable Term Loan/Notes Documents or otherwise in respect of the applicable Term Loan/Notes Obligations relating to the ABL Priority Collateral.

(b) Subject to the provisos in clause (ii) of Section 3.1(b), the ABL Agent, on behalf of itself and each ABL Secured Party, agrees that, unless and until the Discharge of Term Loan/Notes Obligations has occurred, it will not commence, or join with any Person (other than the Term Loan/Notes Secured Parties and the Term Loan/Notes Agents, upon the request thereof) in commencing, any enforcement, collection, execution, levy or foreclosure action or proceeding with respect to any Lien held by it in the Term Loan/Notes Priority Collateral under any of the applicable ABL Loan Documents or otherwise in respect of the applicable ABL Obligations relating to the Term Loan/Notes Priority Collateral.

3.3. Actions Upon Breach.

(a) If any Term Loan/Notes Secured Party, in contravention of the terms of this Agreement, in any way takes or attempts or threatens to take any action with respect to the ABL Priority Collateral (including any attempt to realize upon or enforce any remedy with respect to this Agreement except as provided in the provisos to Section 3.1(a)(ii)), this Agreement shall create an irrebuttable presumption and admission by such Term Loan/Notes Secured Party that relief against such Term Loan/Notes Secured Party by injunction, specific performance and/or other appropriate equitable relief is necessary to prevent irreparable harm to the ABL Secured Parties, it being understood and agreed by each applicable Term Loan/Notes Agent on behalf of each applicable Term Loan/Notes Secured Party that (i) the ABL Secured Parties' damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each Term Loan/Notes Secured Party waives any defense that the Grantors and/or the ABL Secured Parties cannot demonstrate damage and/or be made whole by the awarding of damages.

(b) If any ABL Secured Party, in contravention of the terms of this Agreement, in any way takes or attempts or threatens to take any action with respect to the Term Loan/Notes Priority Collateral (including any attempt to realize upon or enforce any remedy with respect to this Agreement except as provided in the provisos to Section 3.1(b)(ii)), this Agreement shall create an irrebuttable presumption and admission by such ABL Secured Party that relief against such ABL Secured Party by injunction, specific performance and/or other appropriate equitable relief is necessary to prevent irreparable harm to the Term Loan/Notes Secured Parties, it being understood and agreed by the ABL Agent on behalf of each ABL Secured Party that (i) the applicable Term Loan/Notes Secured Parties' damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each ABL Secured Party waives any defense that the Grantors and/or the Term Loan/Notes Secured Parties cannot demonstrate damage and/or be made whole by the awarding of damages.

**Section 4. Payments.**

4.1. Revolving Nature of ABL Obligations and Term/Loan Notes Obligations.

(a) Each Term Loan/Notes Agent, for and on behalf of itself and each applicable Term Loan/Notes Secured Party, expressly acknowledges and agrees that (i) as of the date hereof, the ABL Credit Agreement includes a revolving commitment, that in the ordinary course of business the applicable ABL Agent under the ABL Credit Agreement and the ABL Lenders will apply payments and make advances thereunder, and that no application of any Payment Collateral or Cash Collateral or the release of any Lien by the ABL Agent upon any portion of the Collateral in connection with a permitted disposition under the ABL Credit Agreement shall constitute the exercise of remedies prohibited under this Agreement; (ii) subject to the limitations set forth herein, the amount of the ABL Obligations that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of the ABL Obligations may be modified, extended or amended from time to time, and that the aggregate amount of the ABL Obligations may be increased and, subject to Section 9.3, Refinanced, in each event, without notice to or consent by the Term Loan/Notes Secured Parties and without affecting the provisions hereof; and (iii) all Payment Collateral or Cash Collateral received by the ABL Agent may be applied, reversed, reapplied, credited or reborrowed, in whole or in part, to the ABL Obligations at any time; provided, however, that from and after the date on which the ABL Agent (or any ABL Secured Party) commences the exercise of any remedies with respect to any of the Collateral (other than, for the avoidance of doubt, the exercise of rights pursuant to Section 2.04(f) of the ABL Credit Agreement by the ABL Agent or any ABL Secured Party during the continuance of a Cash Dominion Period), all amounts received by the ABL Agent or any ABL Secured Party in respect of any ABL Obligations shall be applied as specified in this Section 4. The Lien priority set forth in this Agreement shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or Refinancing of the ABL Obligations, the Term Loan/Notes Obligations or any portion thereof, in each case, in accordance with Section 9.3 (to the extent applicable).

(b) The ABL Agent, for and on behalf of itself and each ABL Secured Party, expressly acknowledges and agrees that (i) as of the date hereof, the Senior-Priority Non-ABL Loan Agreement includes a revolving commitment, that in the ordinary course of business the Senior-Priority Non-ABL Loan Agent under the Senior-Priority Non-ABL Loan Agreement and the Senior-Priority Lenders will apply payments and make advances thereunder, and that no application of any Payment Collateral or Cash Collateral or the release of any Lien by the Senior-Priority Non-ABL Loan Agent or the Senior-Priority Collateral Agent upon any portion of the Collateral in connection with a permitted disposition under the Senior-Priority Non-ABL Loan Agreement shall constitute the exercise of remedies prohibited under this Agreement; (ii) subject to the limitations set forth herein, the amount of the Senior-Priority Obligations that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of the Senior-Priority Obligations may be modified, extended or amended from time to time, and that the aggregate amount of the Senior-Priority Obligations may be increased and, subject to Section 9.3, Refinanced, in each event, without notice to or consent by the ABL Secured Parties and without affecting the provisions hereof; and (iii) all Payment Collateral or Cash Collateral received by the Senior-Priority Non-ABL Loan Agent or the Senior-Priority Collateral Agent may be applied, reversed, reapplied, credited or reborrowed, in whole or in part, to the Senior-Priority Obligations at any time; provided, however, that from and after the date on which any Term Loan/Notes Agent (or any Term Loan/Notes Secured Party) commences the exercise of any remedies with respect to any of the

Collateral, all amounts received by any Term Loan/Notes Agent or any Term Loan/Notes Secured Party in respect of any Term Loan/Notes Obligations shall be applied as specified in this Section 4. The Lien priority set forth in this Agreement shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or Refinancing of the ABL Obligations, the Term Loan/Notes Obligations or any portion thereof, in each case, in accordance with Section 9.3 (to the extent applicable).

4.2. Application of Proceeds of ABL Priority Collateral. The ABL Agent, on behalf of itself and each ABL Secured Party, and each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, hereby agrees that the ABL Priority Collateral or proceeds thereof received in connection with the sale or other disposition of, or collection on, such ABL Priority Collateral upon the exercise of remedies or in connection with any Insolvency or Liquidation Proceeding, shall be applied:

first, to the payment of the costs and expenses of the ABL Agent in connection with such exercise of remedies,

second, to the payment, discharge or cash collateralization of the ABL Obligations in accordance with the ABL Loan Documents until a Discharge of ABL Obligations has occurred,

third, to the payment of the Term Loan/Notes Obligations in accordance with the Term Loan/Notes Documents until a Discharge of Term Loan/Notes Obligations has occurred, and

fourth, the balance, if any, to the Grantors or to whosoever may be lawfully entitled to receive the same (as instructed in writing by the Grantors) or as a court of competent jurisdiction may direct;

provided, however, that (x) no receipt and application of any Collateral, or proceeds thereof, received in the ordinary course of business and absent any affirmative enforcement action or exercise of remedies by the ABL Agent or during the pendency of any Insolvency or Liquidation Proceeding to collect or otherwise realize upon such Collateral (such Collateral, and the proceeds thereof, "Ordinary Course Collections") shall constitute an exercise of remedies for purposes of this Section 4.2 and all Ordinary Course Collections received by the ABL Agent may be applied, reversed, reapplied, credited, or reborrowed, in whole or in part, pursuant to the ABL Credit Agreement and (y) none of the following shall, without the taking of other action by the ABL Agent or any ABL Secured Party, constitute an exercise of remedies for purposes of this Section 4.2: (i) the exercise of rights pursuant to Section 2.04(f) of the ABL Credit Agreement by the ABL Agent or any ABL Secured Party during the continuance of a Cash Dominion Period or (ii) the notification of account debtors, depository institutions or any other Person to deliver proceeds of ABL Priority Collateral to the ABL Agent in accordance with the ABL Loan Documents.

4.3. Application of Proceeds of Term Loan/Notes Priority Collateral. The ABL Agent, on behalf of itself and each ABL Secured Party, and each Term Loan/Notes Agent,

on behalf of itself and each applicable Term Loan/Notes Secured Party, hereby agrees that the Term Loan/Notes Priority Collateral or proceeds thereof received in connection with the sale or other disposition of, or collection on, such Term Loan/Notes Priority Collateral upon the exercise of remedies or in connection with any Insolvency or Liquidation Proceeding, shall be applied:

first, to the payment of the costs and expenses of the Designated Term Loan/Notes Agent and the Senior-Priority Collateral Agent in connection with such exercise of remedies,

second, to the payment of the Term Loan/Notes Obligations in accordance with the Term Loan/Notes Documents until a Discharge of Term Loan/Notes Obligations has occurred,

third, to the payment of the ABL Obligations in accordance with the ABL Loan Documents until a Discharge of ABL Obligations has occurred, and

fourth, the balance, if any, to the Grantors or to whosoever may be lawfully entitled to receive the same (as instructed in writing by the Grantors) or as a court of competent jurisdiction may direct;

provided, however, that (x) none of the following shall, without the taking of other action by the ABL Agent or any ABL Secured Party, constitute an exercise of remedies for purposes of this Section 4.3: (i) the exercise of rights pursuant to Section 2.04(f) of the ABL Credit Agreement by the ABL Agent or any ABL Secured Party during the continuance of a Cash Dominion Period, (ii) the notification of account debtors, depository institutions or any other Person to deliver proceeds of ABL Priority Collateral to the ABL Agent in accordance with the ABL Loan Documents and (iii) the taking of any action in connection with the attempt to receive, or the receipt of, Ordinary Course Collections.

4.4. Payments Over.

(a) So long as the Discharge of ABL Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Grantor, each Term Loan/Notes Agent agrees, for itself and on behalf of the other Term Loan/Notes Secured Parties, that any ABL Priority Collateral or proceeds thereof or payment with respect thereto received by any Term Loan/Notes Agent or any other Term Loan/Notes Secured Party (including any right of set-off) with respect to the ABL Priority Collateral, shall be segregated and held in trust and promptly transferred or paid over to the ABL Agent for the benefit of the ABL Secured Parties in the same form as received, with any necessary endorsements or assignments or as a court of competent jurisdiction may otherwise direct; provided that this Section 4.4 shall not apply to any required payments of interest and principal received by the Term Loan/Notes Agents or any other Term Loan/Notes Secured Party prior to the commencement of any Insolvency or Liquidation Proceeding or any exercise of remedies by the ABL Secured Parties with respect to the ABL Priority Collateral so long as such receipt is not the direct or indirect result of the exercise by the Term Loan/Notes Agents or any other Term Loan/Notes Secured Party of foreclosure rights or other remedies as a secured creditor or enforcement in contravention of this Agreement of any Lien held by any of them or any other act

in contravention of this Agreement. Each Term Loan/Notes Agent, for itself and on behalf of the applicable Term Loan/Notes Secured Parties, also agrees that prior to receipt by the ABL Agent of notice of the exercise of remedies by any Term Loan/Notes Agent, all funds deposited in a Deposit Account or Securities Account that constitutes ABL Priority Collateral subject to an account control agreement and then applied to the ABL Obligations shall be treated as ABL Priority Collateral. In addition, unless and until the Discharge of ABL Obligations occurs, each Term Loan/Notes Agent hereby consents to the application, prior to the receipt by the ABL Agent of notice of the exercise of remedies by any Term Loan/Notes Agent, of cash or other proceeds of Collateral, deposited under deposit account control agreements to the repayment of ABL Obligations pursuant to the ABL Loan Documents. The ABL Agent is hereby authorized to make any such endorsements or assignments as agent for the Term Loan/Notes Agents. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

(b) So long as the Discharge of Term Loan/Notes Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Grantor, the ABL Agent agrees, for itself and on behalf of the other ABL Secured Parties, that any Term Loan/Notes Priority Collateral or proceeds thereof or payment with respect thereto received by the ABL Agent or any other ABL Secured Party (including any right of set-off) with respect to the Term Loan/Notes Priority Collateral, shall be segregated and held in trust and promptly transferred or paid over to the applicable Term Loan/Notes Agents for the benefit of the applicable Term Loan/Notes Secured Parties in the same form as received, with any necessary endorsements or assignments or as a court of competent jurisdiction may otherwise direct; provided that this Section 4.4 shall not apply to any required payments of interest and principal received by the ABL Agent or any other ABL Secured Party prior to the commencement of any Insolvency or Liquidation Proceeding so long as such receipt is not the direct or indirect result of the exercise by the ABL Agent or any other ABL Secured Party of foreclosure rights or other remedies as a secured creditor or enforcement in contravention of this Agreement of any Lien held by any of them or any other act in contravention of this Agreement. Each Term Loan/Notes Agent is hereby authorized to make any such endorsements or assignments as agent for the ABL Agent. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

(c) Promptly upon the Discharge of ABL Obligations, the ABL Agent shall deliver written notice confirming the same to the Term Loan/Notes Agents; provided that the failure to give any such notice shall not result in any liability of the ABL Agent or the ABL Secured Parties hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder. Promptly upon the Discharge of Term Loan/Notes Obligations, the Term Loan/Notes Agents shall deliver written notice confirming the same to the ABL Agent; provided that the failure to give any such notice shall not result in any liability of the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder.

4.5. Application of Proceeds of Mixed Collateral. Notwithstanding anything to the contrary contained above or in the definition of ABL Priority Collateral or Term Loan/Notes Priority Collateral, in the event that Proceeds of Collateral are received from (or are otherwise attributable to the value of) a sale or other disposition of Collateral that involves a combination

of ABL Priority Collateral and Term Loan/Notes Priority Collateral, unless otherwise agreed by the ABL Agent and the Designated Term Loan/Notes Agent, the portion of such Proceeds that shall be allocated as Proceeds of ABL Priority Collateral for purposes of this Agreement shall be an amount equal to the net book value of such ABL Priority Collateral (except in the case of Accounts, which amount shall be equal to the face amount of such Accounts). In addition, notwithstanding anything to the contrary contained above or in the definition of ABL Priority Collateral or Term Loan/Notes Priority Collateral, to the extent Proceeds of Collateral are Proceeds received from (or are otherwise attributable to the value of) the sale or disposition of all or substantially all of the Equity Interests of any Subsidiary that is a Grantor or all or substantially all of the assets of any such Subsidiary, such Proceeds shall constitute (1) first, in an amount equal to the face amount of the Accounts (excluding any rights to payment for any property which specifically constitutes Term Loan/Notes Priority Collateral which has been or is to be sold, leased, licensed, exchanged, transferred or otherwise disposed of) and the fair market value of any other ABL Priority Collateral owned by such Subsidiary at the time of such sale, ABL Priority Collateral and (2) second, to the extent in excess of the amounts described in preceding clause (1), Term Loan/Notes Priority Collateral.

**Section 5. Other Agreements.**

5.1. Releases.

(a) Effective upon any sale, lease, license, exchange, transfer or other disposition of any ABL Priority Collateral permitted, or expressly consented to in writing by the ABL Agent, under the terms of the ABL Loan Documents that results in the release of any of the ABL Agent's Liens on any ABL Priority Collateral (excluding any sale, lease, license, exchange, transfer or other disposition that is not permitted by any of the Term Loan/Notes Documents (as in effect on the date hereof) unless such sale, lease, license, exchange, transfer or other disposition is consummated in connection with the exercise of the ABL Agent's remedies in respect of ABL Priority Collateral or consummated after the commencement of any Insolvency or Liquidation Proceeding or consummated upon the occurrence or during the existence of an event of default under the ABL Loan Documents):

(i) the Liens, if any, of each Term Loan/Notes Agent, for itself or for the benefit of the applicable Term Loan/Notes Secured Parties, on such ABL Priority Collateral shall be automatically, unconditionally and simultaneously released to the same extent as the release of the ABL Agent's Lien; provided that the Proceeds thereof shall be applied pursuant to Section 4.2;

(ii) each Term Loan/Notes Agent, for itself or on behalf of the applicable Term Loan/Notes Secured Parties, shall promptly upon the written request of the ABL Agent execute and deliver such release documents and confirmations of the authorization to file UCC amendments and terminations provided for herein, in each case as the ABL Agent may reasonably require in connection with such sale, lease, license, exchange, transfer or other disposition by the ABL Agent, the ABL Agent's agents or any Grantor with the prior written consent of the ABL Agent to evidence and effectuate such termination and release; provided that any such release or UCC amendment or termination by the Term Loan/Notes Agents shall not extend to or otherwise affect any of

the rights, if any, of the Term Loan/Notes Agents to the Proceeds from any such sale, lease, license, exchange, transfer or other disposition of the ABL Priority Collateral;

(iii) each Term Loan/Notes Agent, for itself or on behalf of the applicable Term Loan/Notes Secured Parties, shall be deemed to have authorized the ABL Agent to file UCC amendments and terminations covering the ABL Priority Collateral so sold, leased, licensed, exchanged, transferred or otherwise disposed of as to UCC financing statements between any Grantor and such Term Loan/Notes Agent or any other applicable Term Loan/Notes Secured Party to evidence such release and termination; and

(iv) each Term Loan/Notes Agent, for itself or on behalf of the applicable Term Loan/Notes Secured Parties, shall be deemed to have consented under the applicable Term Loan/Notes Documents to such sale, lease, license, exchange, transfer or other disposition to the same extent as the consent of the ABL Agent and the other ABL Secured Parties.

Each Term Loan/Notes Agent, for itself and on behalf of each applicable Term Loan/Notes Secured Party, hereby irrevocably constitutes and appoints (which appointment is coupled with an interest and is irrevocable) the ABL Agent and any officer or agent of such ABL Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Term Loan/Notes Agent or such Term Loan/Notes Secured Party (as applicable) or in such ABL Agent's own name, from time to time in such ABL Agent's discretion, for the purpose of carrying out the terms of this Section 5.1(a), to take any and all appropriate action and to execute any and all documents and instruments and make filings that may be necessary or desirable to accomplish the purposes of this Section 5.1(a), including filing any termination statements, endorsements or other instruments of transfer or release; provided that the ABL Agent shall not exercise such power of attorney unless the Term Loan/Notes Agents have failed to comply with their obligations under this Section 5.1(a) within two Business Days after demand by the ABL Agent.

(b) Effective upon any sale, lease, license, exchange, transfer or other disposition of any Term Loan/Notes Priority Collateral permitted, or expressly consented to in writing by the Term Loan/Notes Agents, under the terms of the Term Loan/Notes Documents that results in the release of the Term Loan/Notes Agents' Liens on any Term Loan/Notes Priority Collateral (excluding any sale, lease, license, exchange, transfer or other disposition that is not permitted by the ABL Loan Documents (as in effect on the date hereof) unless such sale, lease, license, exchange, transfer or other disposition is consummated in connection with the exercise of the Term Loan/Notes Agents' remedies in respect of Term Loan/Notes Priority Collateral or consummated after the commencement of any Insolvency or Liquidation Proceeding or consummated upon the occurrence or during the existence of an event of default under the Term Loan/Notes Documents):

(i) the Liens, if any, of the ABL Agent, for itself or for the benefit of the ABL Secured Parties, on such Term Loan/Notes Priority Collateral shall be automatically, unconditionally and simultaneously released to the same extent as the release of the Term Loan/Notes Agents' Liens; provided that the proceeds thereof shall be applied pursuant to Section 4.3;

(ii) the ABL Agent, for itself or on behalf of the ABL Secured Parties, shall promptly upon the written request of any Term Loan/Notes Agent execute and deliver such release documents and confirmations of the authorization to file UCC amendments and terminations provided for herein, in each case as the Term Loan/Notes Agents may reasonably require in connection with such sale, lease, license, exchange, transfer or other disposition by the Term Loan/Notes Agents, the Term Loan/Notes Agents' agents or any Grantor with the prior written consent of the Term Loan/Notes Agents to evidence and effectuate such termination and release; provided that any such release or UCC amendment or termination by the ABL Agent shall not extend to or otherwise affect any of the rights, if any, of the ABL Agent to the proceeds from any such sale, lease, license, exchange, transfer or other disposition of the Term Loan/Notes Priority Collateral;

(iii) the ABL Agent, for itself or on behalf of the ABL Secured Parties, shall be deemed to have authorized the Term Loan/Notes Agents to file UCC amendments and terminations covering the Term Loan/Notes Priority Collateral so sold, leased, licensed, exchanged, transferred or otherwise disposed of as to UCC financing statements between any Grantor and such ABL Agent or any other ABL Secured Party to evidence such release and termination; and

(iv) the ABL Agent, for itself or on behalf of the ABL Secured Parties, shall be deemed to have consented under the applicable ABL Loan Documents to such sale, lease, license, exchange, transfer or other disposition to the same extent as the consent of the Term Loan/Notes Agents and the other Term Loan/Notes Secured Parties.

The ABL Agent, for itself and on behalf of each ABL Secured Party, hereby irrevocably constitutes and appoints (which appointment is coupled with an interest and is irrevocable) each Term Loan/Notes Agent and any officer or agent of each such Term Loan/Notes Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such ABL Agent or such ABL Secured Party or in such Term Loan/Notes Agent's own name, from time to time in such Term Loan/Notes Agent's discretion, for the purpose of carrying out the terms of this Section 5.1(b), to take any and all appropriate action and to execute any and all documents and instruments and make any filings that may be necessary or desirable to accomplish the purposes of this Section 5.1(b), including filing any termination statements, endorsements or other instruments of transfer or release; provided that the applicable Term Loan/Notes Agent shall not exercise such power of attorney unless the ABL Agent has failed to comply with its obligations under this Section 5.1(b) within two Business Days after demand by the applicable Term Loan/Notes Agent.

(c) Unless and until the Discharge of ABL Obligations has occurred, each Term Loan/Notes Agent, for itself and on behalf of each applicable Term Loan/Notes Secured Party, hereby consents to the application, whether prior to or after a default, of proceeds of ABL Priority Collateral to the repayment of ABL Obligations pursuant to the ABL Credit Agreement; provided that nothing in this Section 5.1(c) shall be construed to prevent or impair the rights of the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties to receive proceeds in connection with the Term Loan/Notes Obligations not otherwise in contravention of this Agreement.

(d) Unless and until the Discharge of Term Loan/Notes Obligations has occurred, the ABL Agent, for itself and on behalf of each ABL Secured Party, hereby consents to the application, whether prior to or after a default, of proceeds of Term Loan/Notes Priority Collateral to the repayment of Term Loan/Notes Obligations pursuant to the Term Loan/Notes Agreements; provided that nothing in this Section 5.1(d) shall be construed to prevent or impair the rights of the ABL Agent or the ABL Secured Parties to receive proceeds in connection with the ABL Obligations not otherwise in contravention of this Agreement.

5.2. Insurance and Condemnation Awards.

(a) Proceeds of Collateral include insurance proceeds and, therefore, the Lien priority set forth in this Agreement shall govern the ultimate disposition of casualty insurance proceeds.

(b) Unless and until the Discharge of ABL Obligations has occurred, the ABL Agent and the ABL Secured Parties shall have the sole and exclusive right, subject to the rights of the Grantors under the ABL Loan Documents, to settle and adjust claims in respect of the ABL Priority Collateral under policies of insurance; provided that, if any insurance claim includes both ABL Priority Collateral and Term Loan/Notes Priority Collateral, the ABL Agent or the Designated Term Loan/Notes Agent, as determined by whichever class of creditors bore a materially disproportionately greater covered loss shall, in consultation with the other Agent, have the sole and exclusive authority, subject to the rights of the Grantors under the ABL Loan Documents and the Term Loan/Notes Documents, to adjust or settle any claim under the relevant insurance policy; provided that if the covered losses (as between the ABL Obligations and the Term Loan/Notes Obligations) are approximately equal or their relative proportion cannot be ascertained with reasonable certainty, then the ABL Agent and the Designated Term Loan/Notes Agent will work jointly and in good faith to collect, adjust or settle (subject to the rights of the Grantors under the ABL Loan Documents and the Term Loan/Notes Documents) any claim under the relevant insurance policy. So long as the Discharge of ABL Obligations has not occurred, all proceeds of any policies of insurance referred to in the first sentence of this clause (b), shall (i) first, be paid to the ABL Agent for the benefit of the ABL Secured Parties to the extent required under the ABL Loan Documents, (ii) second, be paid to the Designated Term Loan/Notes Agent for the benefit of the Term Loan/Notes Secured Parties to the extent required under the applicable Term Loan/Notes Documents and (iii) third, if no Term Loan/Notes Obligations are outstanding, be paid to the owner of the subject property or as a court of competent jurisdiction may otherwise direct or as may otherwise be required by applicable Law. Until the Discharge of ABL Obligations, if any Term Loan/Notes Agent or any other Term Loan/Notes Secured Party shall, at any time, receive any proceeds of any such insurance policy, it shall pay such proceeds over to the ABL Agent in accordance with the terms of Section 4.4.

(c) Unless and until the Discharge of Term Loan/Notes Obligations has occurred, the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties shall have the sole and exclusive right, subject to the rights of the Grantors under the Term Loan/Notes Documents, to settle and adjust claims in respect of the Term Loan/Notes Priority Collateral under policies of insurance and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation in respect of the Term Loan/Notes Priority Collateral; provided that, if any insurance claim includes both ABL Priority Collateral and Term

Loan/Notes Priority Collateral, the ABL Agent or the Designated Term Loan/Notes Agent, as determined by whichever class of creditors bore a materially disproportionately greater covered loss shall, in consultation with the other Agent, have the sole and exclusive authority, subject to the rights of the Grantors under the ABL Loan Documents and the Term Loan/Notes Documents, to adjust or settle any claim under the relevant insurance policy; provided that if the covered losses (as between the ABL Obligations and the Term Loan/Notes Obligations) are approximately equal or their relative proportion cannot be ascertained with reasonable certainty, then the ABL Agent and the Designated Term Loan/Notes Agent will work jointly and in good faith to collect, adjust or settle (subject to the rights of the Grantors under the ABL Loan Documents and the Term Loan/Notes Documents) any claim under the relevant insurance policy. So long as the Discharge of Term Loan/Notes Obligations has not occurred, all proceeds of any policies of insurance referred to in the first sentence of this clause (c) and any such award, or any payments with respect to a deed in lieu of condemnation, shall (i) first, be paid to the Designated Term Loan/Notes Agent for the benefit of the Term Loan/Notes Secured Parties to the extent required under the Term Loan/Notes Documents, (ii) second, be paid to the ABL Agent for the benefit of the ABL Secured Parties to the extent required under the applicable ABL Loan Documents and (iii) third, if no ABL Obligations are still outstanding, be paid to the owner of the subject property or as a court of competent jurisdiction may otherwise direct or as may otherwise be required by applicable Law. Until the Discharge of Term Loan/Notes Obligations, if the ABL Agent or any other ABL Secured Party shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall pay such proceeds over to the Designated Term Loan/Notes Agent in accordance with the terms of Section 4.4.

5.3. Amendments to ABL Loan Documents and Term Loan/Notes Documents.

(a) Each Term Loan/Notes Agent, on behalf of itself and the applicable Term Loan/Notes Secured Parties, hereby agrees that, without affecting the obligations of the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties hereunder and without affecting the obligations of the Grantors under the Term Loan/Notes Documents, the ABL Agent and the ABL Secured Parties may, at any time and from time to time, in their sole discretion without the consent of or notice to any Term Loan/Notes Agent or any Term Loan/Notes Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to any Term Loan/Notes Agent or any Term Loan/Notes Secured Party or impairing or releasing the subordination provided for herein, amend, restate, supplement, replace, Refinance, extend, consolidate, restructure, or otherwise modify any of the ABL Loan Documents in any manner whatsoever (subject to compliance with Section 9.3, to the extent applicable), including to:

(i) change the manner, place, time, or terms of payment or renew or alter or increase all or any of the Obligations under the ABL Loan Documents or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Obligations under the ABL Loan Documents or any of the ABL Loan Documents;

(ii) retain or, subject to Section 2.3, obtain a Lien on any property of any Person to secure any of the ABL Obligations, and in connection therewith to enter into any additional ABL Loan Documents;

(iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the ABL Obligations;

(iv) subject to Section 5.1, release its Lien on any Collateral or other property;

(v) exercise or refrain from exercising any rights against the Borrower, any Grantor, or any other Person;

(vi) retain or obtain the primary or secondary obligation of any other Person with respect to any of the ABL Obligations; and

(vii) otherwise manage and supervise the ABL Obligations as the applicable ABL Agent shall deem appropriate.

(b) The ABL Agent, on behalf of itself and the ABL Secured Parties, hereby agrees that, without affecting the obligations of the ABL Agent and the ABL Secured Parties hereunder and without affecting the obligations of the Grantors under the ABL Loan Documents, each Term Loan/Notes Agent and the Term Loan/Notes Secured Parties may, at any time and from time to time, in their sole discretion without the consent of or notice to the ABL Agent or any ABL Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to the ABL Agent or any ABL Secured Party or impairing or releasing the subordination provided for herein, amend, restate, supplement, replace, Refinance, extend, consolidate, restructure, or otherwise modify any of the Term Loan/Notes Documents in any manner whatsoever (subject to compliance with Section 9.3, to the extent applicable), including, to:

(i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the Obligations under the Term Loan/Notes Documents or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Obligations under the Term Loan/Notes Documents or any of the Term Loan/Notes Documents;

(ii) retain or, subject to Section 2.3, obtain a Lien on any property of any Person to secure any of the Term Loan/Notes Obligations, and in connection therewith to enter into any additional Term Loan/Notes Documents;

(iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the Term Loan/Notes Obligations;

(iv) subject to Section 5.1, release its Lien on any Collateral or other property;

(v) exercise or refrain from exercising any rights against the Borrower, any Grantor, or any other Person;

(vi) retain or obtain the primary or secondary obligation of any other Person with respect to any of the Term Loan/Notes Obligations; and

(vii) otherwise manage and supervise the Term Loan/Notes Obligations as the applicable Term Loan/Notes Agent shall deem appropriate.

(c) The ABL Obligations and the Term Loan/Notes Obligations may be Refinanced, in whole or in part, in each case, without notice to, or the consent (except to the extent a consent is required to permit the Refinancing transaction under any ABL Loan Document or any Term Loan/Notes Document, as applicable) of the ABL Agent, the ABL Secured Parties, the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties, as the case may be, all without affecting the Lien priorities provided for herein or the other provisions hereof; provided, however, that the holders of such Refinancing Indebtedness (or an Additional Agent on their behalf) comply with Section 9.3 (to the extent applicable), and any such Refinancing transaction shall be in accordance with any applicable provisions of the ABL Loan Documents and the Term Loan/Notes Documents.

(d) In the event that the ABL Agent or the ABL Secured Parties enter into any amendment, waiver or consent in respect of any of the ABL Security Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any ABL Security Document or changing in any manner the rights of any parties thereunder in respect of the ABL Priority Collateral, then such amendment, waiver or consent shall apply automatically to any comparable provision of each comparable Term Loan/Notes Security Document (but solely as to ABL Priority Collateral) without the consent of or action by any Term Loan/Notes Secured Party (with all such amendments, waivers and consents subject to the terms hereof); provided that (i) no such amendment, waiver or consent shall have the effect of removing assets subject to the Lien of any Term Loan/Notes Document, except to the extent that a release of such Lien is permitted or contemplated by this Agreement, (ii) no such amendment, waiver or consent shall apply automatically to the comparable Term Loan/Notes Security Document without the consent of or action by any Term Loan/Notes Secured Party if such amendment, waiver or consent materially and adversely affects the rights of the Term Loan/Notes Secured Parties, (iii) no such amendment, waiver or consent with respect to any provision applicable to any Agent under any Term Loan/Notes Documents shall apply automatically to any comparable provision of any comparable Term Loan/Notes Security Document without the prior written consent of such Agent, (iv) notice of such amendment, waiver or consent shall be given to each Term Loan/Notes Agent by the ABL Agent on the date of its effectiveness (provided that the failure to give such notice shall not affect the effectiveness and validity of such amendment, waiver or consent) and (v) a copy of such amendment, waiver or consent shall be given by the ABL Agent to each Term Loan/Notes Agent. Notwithstanding the foregoing, in the event that such amendment, waiver or consent would require any action whatsoever by any Term Loan/Notes Agent, the Borrower shall provide such Term Loan/Notes Agent with an officer's certificate specifying such actions (with a copy of such certificate to be provided to the ABL Agent).

(e) In the event that a Term Loan/Notes Agent or the Term Loan/Notes Secured Parties enter into any amendment, waiver or consent in respect of any of the Term Loan/Notes Security Documents for the purpose of adding to, or deleting from, or waiving or

consenting to any departures from any provisions of, any Term Loan/Notes Security Document or changing in any manner the rights of any parties thereunder in respect of the Term Loan/Notes Priority Collateral, then such amendment, waiver or consent shall apply automatically to any comparable provision of each comparable ABL Security Document (but solely as to Term Loan/Notes Priority Collateral) without the consent of or action by any ABL Secured Party (with all such amendments, waivers and consents subject to the terms hereof); provided that (i) no such amendment, waiver or consent shall have the effect of removing assets subject to the Lien of any ABL Loan Document, except to the extent that a release of such Lien is permitted or contemplated by this Agreement, (ii) no such amendment, waiver or consent shall apply automatically to the comparable ABL Security Document without the consent of or action by any ABL Secured Party if such amendment, waiver or consent materially and adversely affects the rights of the ABL Secured Parties, (iii) no such amendment, waiver or consent with respect to any provision applicable to any Agent under any ABL Loan Documents shall apply automatically to any comparable provision of any comparable ABL Security Document without the prior written consent of such Agent, (iv) notice of such amendment, waiver or consent shall be given to the ABL Agent by each applicable Term Loan/Notes Agent on the date of its effectiveness (provided that the failure to give such notice shall not affect the effectiveness and validity of such amendment, waiver or consent) and (v) a copy of such amendment, waiver or consent shall be given by the Term Loan/Notes Agents to the ABL Agent. Notwithstanding the foregoing, in the event that such amendment, waiver or consent would require any action whatsoever by the ABL Agent, the Borrower shall provide such ABL Agent with an officer's certificate specifying such actions (with a copy of such certificate to be provided to the Term Loan/Notes Agents).

5.4. Rights As Unsecured Creditors. The Second Priority Agents and the other Second Priority Secured Parties may exercise rights and remedies as an unsecured creditor against any Grantor in accordance with the terms of the applicable Second Priority Documents and applicable Law, but only to the extent that the exercise of any such rights and remedies is not inconsistent with the terms of this Agreement. In the event the Second Priority Secured Parties, as a result of the exercise of their rights as unsecured creditors are granted or otherwise hold a judgment lien in respect of Collateral, such lien shall be subject to the provisions of this Agreement. Nothing in this Agreement shall prohibit the receipt by any Second Priority Agent or any other Second Priority Secured Party of the required payments of interest and principal so long as such receipt is not the direct or indirect result of the exercise by the applicable Second Priority Agent or any other Second Priority Secured Party of foreclosure rights or other remedies as a secured creditor (including any right of setoff) or enforcement in contravention of this Agreement of any Lien held by any of them or any other act in contravention of this Agreement. Nothing in this Agreement impairs or otherwise adversely affects any rights or remedies the ABL Agent or the ABL Secured Parties may have with respect to the ABL Priority Collateral, or any rights or remedies the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties may have with respect to the Term Loan/Notes Priority Collateral.

5.5. First Priority Agent as Gratuitous Bailee for Perfection.

(a) The ABL Agent agrees to hold the Pledged Collateral that is part of the ABL Priority Collateral in its possession or control (or in the possession or control of its agents or bailees) as gratuitous bailee for each Term Loan/Notes Agent and any assignee solely for the

purpose of perfecting the security interest granted in such Pledged Collateral pursuant to the Term Loan/Notes Security Documents, subject to the terms and conditions of this Section 5.5 (such bailment being intended, among other things, to satisfy the requirements of Sections 8-106(d)(3), 8-301(a)(2) and 9-313(c) of the UCC or similar provision of other applicable Law). Each Term Loan/Notes Agent agrees to hold the Pledged Collateral that is part of the Term Loan/Notes Priority Collateral in its possession or control (or in the possession or control of its agents or bailees) as gratuitous bailee for the ABL Agent and any assignee solely for the purpose of perfecting the security interest granted in such Pledged Collateral pursuant to the ABL Security Documents, subject to the terms and conditions of this Section 5.5 (such bailment being intended, among other things, to satisfy the requirements of Sections 8-106(d)(3), 8-301(a)(2) and 9-313(c) of the UCC or similar provisions of other applicable Law).

(b) The ABL Agent agrees to hold the Deposit Account Collateral that is part of the Collateral and controlled by such ABL Agent as gratuitous agent for each Term Loan/Notes Agent and any assignee solely for the purpose of perfecting the security interest granted in such Deposit Account Collateral pursuant to the Term Loan/Notes Security Documents, subject to the terms and conditions of this Section 5.5. Each Term Loan/Notes Agent agrees to hold the Deposit Account Collateral that is part of the Collateral and controlled by such Term Loan/Notes Agent as gratuitous agent for the ABL Agent and any assignee solely for the purpose of perfecting the security interest granted in such Deposit Account Collateral pursuant to the ABL Security Documents, subject to the terms and conditions of this Section 5.5.

(c) Except as otherwise specifically provided herein (including Sections 3.1, 4 and 8.2), until the Discharge of ABL Obligations has occurred, the ABL Agent shall be entitled to deal with the Pledged Collateral constituting ABL Priority Collateral in accordance with the terms of this Agreement and the ABL Loan Documents as if the Liens under the Term Loan/Notes Security Documents did not exist. The rights of each Term Loan/Notes Agent and the Term Loan/Notes Secured Parties with respect to such Pledged Collateral shall at all times be subject to the terms of this Agreement. Except as otherwise specifically provided herein (including Sections 3.1, 4 and 8.2), until the Discharge of Term Loan/Notes Obligations has occurred, each Term Loan/Notes Agent shall be entitled to deal with the Pledged Collateral constituting Term Loan/Notes Priority Collateral in accordance with the terms of this Agreement and the Term Loan/Notes Documents as if the Liens under the ABL Security Documents did not exist. The rights of the ABL Agent and the ABL Secured Parties with respect to such Pledged Collateral shall at all times be subject to the terms of this Agreement.

(d) The First Priority Agent shall have no obligation whatsoever to any Second Priority Agent or any Second Priority Secured Party to assure that the Pledged Collateral is genuine or owned by the Grantors or to protect or preserve rights or benefits of any Person or any rights pertaining to the applicable portion of the Collateral except as expressly set forth in this Section 5.5. The duties or responsibilities of the First Priority Agent under this Section 5.5 shall be limited solely to holding the Pledged Collateral as gratuitous bailee for each Second Priority Agent for purposes of perfecting the Lien held by such Second Priority Agent.

(e) The First Priority Agent shall not have by reason of the First Priority Documents, the Second Priority Documents or this Agreement or any other document, a fiduciary relationship in respect of any other First Priority Secured Party, any Second Priority

Agent or any other Second Priority Secured Party and shall not have any liability to any other First Priority Secured Party, any Second Priority Agent or any other Second Priority Secured Party in connection with its holding the Pledged Collateral that is part of the First Priority Collateral.

(f) Upon the Discharge of ABL Obligations, the applicable ABL Agent shall deliver to the Designated Term Loan/Notes Agent, to the extent that it is legally permitted to do so, the remaining Pledged Collateral (if any) constituting ABL Priority Collateral in its possession or under its control, together with any necessary endorsements (or otherwise allow the Designated Term Loan/Notes Agent to obtain control of such Pledged Collateral) or as a court of competent jurisdiction may otherwise direct. The Borrower shall take such further action as is required to effectuate the transfer contemplated hereby and shall indemnify the ABL Agent for loss or damage suffered by such ABL Agent as a result of such transfer except for loss or damage suffered by such ABL Agent as a result of its own willful misconduct or gross negligence. No ABL Agent has any obligation to follow instructions from a Term Loan/Notes Agent in contravention of this Agreement.

(g) Upon the Discharge of Term Loan/Notes Obligations, each Term Loan/Notes Agent shall deliver to the ABL Agent, to the extent that it is legally permitted to do so, the remaining Pledged Collateral (if any) constituting Term Loan/Notes Priority Collateral in its possession or under its control, together with any necessary endorsements (or otherwise allow the ABL Agent to obtain control of such Pledged Collateral) or as a court of competent jurisdiction may otherwise direct. The Borrower shall take such further action as is required to effectuate the transfer contemplated hereby and shall indemnify each Term Loan/Notes Agent for loss or damage suffered by such Term Loan/Notes Agent as a result of such transfer except for loss or damage suffered by such Term Loan/Notes Agent as a result of its own willful misconduct or gross negligence. No Term Loan/Notes Agent has any obligation to follow instructions from the ABL Agent in contravention of this Agreement.

5.6. Access to Premises and Cooperation.

(a) If the ABL Agent takes any enforcement action with respect to the ABL Priority Collateral, each Term Loan/Notes Agent and the Term Loan/Notes Secured Parties (i) shall cooperate with such ABL Agent (at the sole cost and expense of such ABL Agent and the ABL Secured Parties and subject to the condition that the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties shall have no obligation or duty to take any action or refrain from taking any action that would require it to expend or risk its own funds or could reasonably be expected to result in the incurrence of any liability or damage to a Term Loan/Notes Agent or the Term Loan/Notes Secured Parties (as determined by such Term Loan/Notes Agent or Term Loan/Notes Secured Parties in their sole discretion)) in its efforts to enforce its security interest in the ABL Priority Collateral and to allow such ABL Agent to assemble the ABL Priority Collateral, (ii) shall not take any action that could reasonably be expected to hinder or restrict in any respect such ABL Agent from enforcing its security interest in the ABL Priority Collateral or assembling the ABL Priority Collateral and (iii) shall permit such ABL Agent, its employees, agents, advisers and representatives, at the sole cost and expense of the ABL Secured Parties (but without any separate rent or access fee) and upon reasonable advance notice, to use the Term Loan/Notes Priority Collateral (including (x) equipment, processors, computers and other

machinery related to the storage or processing of records, documents or files and (y) Intellectual Property, in each case only to the extent and for so long as required to effect an enforcement action with respect to the ABL Priority Collateral), for a period not to exceed 180 days after the taking of such enforcement action, for purposes of (A) accessing the ABL Priority Collateral, (B) selling any or all of the ABL Priority Collateral, whether in bulk, in lots or to customers in the ordinary course of business or otherwise, (C) removing and transporting any or all of the ABL Priority Collateral located in or on such Term Loan/Notes Priority Collateral, if any, (D) otherwise processing, shipping, producing, storing, completing, supplying, leasing, selling or otherwise handling, dealing with, assembling or disposing of, in any lawful manner, the ABL Priority Collateral, or (E) taking reasonable actions to protect, secure, and otherwise enforce the rights of the ABL Agent and the ABL Secured Parties in and to the ABL Priority Collateral; provided, however, that nothing contained in this Agreement shall restrict the rights of the Term Loan/Notes Agents or the Term Loan/Notes Secured Parties from selling, assigning or otherwise transferring any Term Loan/Notes Priority Collateral prior to the expiration of such 180-day period if (but only if) the purchaser, assignee or transferee thereof agrees to be bound by the provisions of this Section 5.6. If any stay or other order prohibiting the exercise of remedies with respect to the ABL Priority Collateral has been imposed by applicable Law (including in connection with any Insolvency or Liquidation Proceeding affecting the Borrower or any other Grantor) or entered by a court of competent jurisdiction, such 180-day period shall be tolled during the pendency of any such stay or other order. In connection with the use of Intellectual Property constituting Term Loan/Notes Priority Collateral pursuant to clause (iii)(y) above in the first sentence of this clause (a), each Term Loan/Notes Agent (and any purchaser, assignee or transferee of assets as provided in the proviso to the first sentence of this clause (a)) (1) consents (without any representation, recourse, warranty or obligation whatsoever) to the grant by any Grantor to the ABL Agent of a non-exclusive royalty-free license to use any Patent, Trademark, Intellectual Property or proprietary information of such Grantor that is subject to a Lien held by such Term Loan/Notes Agent (or any Patent, Trademark, Intellectual Property or proprietary information acquired by such purchaser, assignee or transferee from any Grantor) and (2) grants, in its capacity as a secured party (or as a purchaser, assignee or transferee), to the ABL Agent a non-exclusive royalty-free license to use any Patent, Trademark, Intellectual Property or proprietary information that is subject to a Lien held by such Term Loan/Notes Agent (or subject to such purchase, assignment or transfer, as the case may be), in each case for the purposes set forth in clauses (A) through (E) of this paragraph.

(b) During the period of actual use or control by the ABL Agent or its agents or representatives of any Term Loan/Notes Priority Collateral, the ABL Agent and the ABL Secured Parties shall (i) be responsible for the payment of ordinary course expenses of third parties that are not Grantors with respect to such use or control of such Term Loan/Notes Priority Collateral, (ii) shall reimburse the Term Loan/Notes Agents and their respective officers, directors, employees and agents for any damages, costs or expenses resulting from actions or omissions of the ABL Agent or Persons under the control of or acting at the direction of or for the ABL Agent in its or their operation of such Term Loan/Notes Priority Collateral and (iii) be obligated to repair at their expense any physical damage to such Term Loan/Notes Priority Collateral resulting directly from such use or control, and to leave such Term Loan/Notes Priority Collateral in substantially the same condition as it was at the commencement of such use or control, ordinary wear and tear excepted. In no event shall the ABL Agent or the ABL Secured Parties have any liability to the Term Loan/Notes Agents or the Term Loan/Notes

Secured Parties pursuant to this Section 5.6 as a result of the condition of any Term Loan/Notes Priority Collateral existing prior to the date of the exercise by such ABL Agent and the ABL Secured Parties of their rights under this Section 5.6, and the ABL Agent and the ABL Secured Parties shall have no duty or liability to maintain the Term Loan/Notes Priority Collateral in a condition or manner better than that in which it was maintained prior to the use thereof by the ABL Agent, or for any diminution in the value of the Term Loan/Notes Priority Collateral that results from ordinary wear and tear resulting from the use of the Term Loan/Notes Priority Collateral by the ABL Agent in the manner and for the time periods specified under this Section 5.6. Without limiting the rights granted in this paragraph, the ABL Agent and the ABL Secured Parties shall cooperate with the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties in connection with any efforts made by the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties to sell the Term Loan/Notes Priority Collateral.

(c) If any Term Loan/Notes Agent takes any enforcement action with respect to the Term Loan/Notes Priority Collateral, the ABL Agent and the ABL Secured Parties (i) shall reasonably cooperate with such Term Loan/Notes Agent (at the sole cost and expense of the applicable Term Loan/Notes Secured Parties (excluding the Term Loan/Notes Agents) and subject to the condition that the ABL Agent and the ABL Secured Parties shall have no obligation or duty to take any action or refrain from taking any action that could reasonably be expected to result in the incurrence of any liability or damage to the ABL Agent or the ABL Secured Parties) in its efforts to enforce its security interest in the Term Loan/Notes Priority Collateral and assemble the Term Loan/Notes Priority Collateral and (ii) shall not take any action that could reasonably be expected to hinder or restrict in any respect such Term Loan/Notes Agent from enforcing its security interest in the Term Loan/Notes Priority Collateral or from assembling the Term Loan/Notes Priority Collateral.

(d) Each Term Loan/Notes Agent agrees that if the ABL Agent shall require rights available under any permit or license controlled by such Term Loan/Notes Agent in order to realize on any ABL Priority Collateral, such Term Loan/Notes Agent shall take all such actions as shall be available to it, consistent with applicable Law and reasonably requested by the ABL Agent to make such rights available to such ABL Agent, subject to the Liens of the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties. The ABL Agent agrees that if a Term Loan/Notes Agent shall require rights available under any permit or license controlled by such ABL Agent in order to realize on any Term Loan/Notes Priority Collateral, such ABL Agent shall take all such actions as shall be available to it, consistent with applicable Law and reasonably requested by the applicable Term Loan/Notes Agent to make such rights available to such Term Loan/Notes Agent, subject to the Liens of the ABL Agent and the ABL Secured Parties.

5.7. No Release If Event of Default; Reinstatement.

(a) If, concurrently with (or after) the Discharge of ABL Obligations has occurred, the Borrower or any other Grantor incurs any ABL Obligations in accordance with Section 9.3, then such Discharge of ABL Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement (other than with respect to any actions taken by a Term Loan/Notes Agent or otherwise prior to the date of such designation as a result of the occurrence of such prior Discharge of ABL Obligations), and the applicable agreement

governing such ABL Obligations shall automatically be treated as the ABL Credit Agreement for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein and the granting by the applicable ABL Agent of amendments, waivers and consents hereunder.

(b) If, concurrently with (or after) the Discharge of Term Loan/Notes Obligations has occurred, the Borrower or any other Grantor incurs any Term Loan/Notes Obligations in accordance with Section 9.3 hereof, then such Discharge of Term Loan/Notes Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement (other than with respect to any actions taken by the ABL Agent or otherwise prior to the date of such designation as a result of the occurrence of such prior Discharge of Term Loan/Notes Obligations), and the applicable agreement governing such Term Loan/Notes Obligations shall automatically be treated as a Term Loan/Notes Agreement for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein and the granting by the applicable Term Loan/Notes Agent of amendments, waivers and consents hereunder.

5.8. Legends. Each party hereto agrees that each Debt Agreement, each Term Loan/Notes Security Document and each ABL Security Document in each case entered into on or after the date hereof shall contain the applicable provisions set forth on Schedule I hereto, or similar provisions approved by the ABL Agent and the Term Loan/Notes Agents, which approval shall not be unreasonably withheld or delayed.

**Section 6. Insolvency or Liquidation Proceedings.**

6.1. DIP Financing. If the Borrower or any other Grantor shall be subject to any Insolvency or Liquidation Proceeding and shall move for the approval of the use of cash collateral or of financing ("DIP Financing") under Section 363 or Section 364 of Title 11 of the United States Code or any similar provision in any Bankruptcy Law, then each Second Priority Agent, on behalf of itself and each Second Priority Secured Party, agrees that it will raise no objection to, and will not support any objection to, and will not otherwise contest (a) such DIP Financing provided (or consented to or not objected to) by such First Priority Agent, the Liens on First Priority Collateral securing such DIP Financing (the "DIP Financing Liens") or the use of cash collateral that constitutes First Priority Collateral, in each case unless the First Priority Agent or the First Priority Secured Parties shall then object or support an objection to such DIP Financing, DIP Financing Liens or use of cash collateral, and will not object on the basis of lack of adequate protection or any other relief in connection therewith and, to the extent the Liens securing the First Priority Obligations under the applicable First Priority Documents are subordinated or equal in priority with such DIP Financing Liens, will subordinate (and will be deemed by virtue of this Agreement to have subordinated) its Liens on the First Priority Collateral to such DIP Financing Liens on the same basis as the other Liens on First Priority Collateral securing the Second Priority Obligations are so subordinated to Liens securing First Priority Obligations under this Agreement, (b) any motion for relief from the automatic stay or any other stay or from any injunction against foreclosure or enforcement in respect of First Priority Obligations made by the First Priority Agent or any holder of First Priority Obligations, (c) any lawful exercise by any holder of First Priority Obligations of the right to credit bid First Priority Obligations under Section 363(k) of the Bankruptcy Code or any other applicable

provision of the Bankruptcy Code or any sale in foreclosure of any Collateral that is First Priority Collateral with respect to such claims or (d) any other request for judicial relief made in any court by any holder of First Priority Obligations relating to the lawful enforcement of any Lien on First Priority Collateral.

6.2. Relief from the Automatic Stay. Each Term Loan/Notes Agent, for itself and on behalf of the other applicable Term Loan/Notes Secured Parties, agrees that, so long as the Discharge of ABL Obligations has not occurred, no Term Loan/Notes Secured Party shall, without the prior written consent of the ABL Agent, seek or request relief from or modification of the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of any part of the ABL Priority Collateral, any proceeds thereof or any Lien thereon securing any of the Term Loan/Notes Obligations. The ABL Agent, for itself and on behalf of the other ABL Secured Parties, agrees that, so long as the Discharge of Term Loan/Notes Obligations has not occurred, no ABL Secured Party shall, without the prior written consent of the Term Loan/Notes Agents, seek or request relief from or modification of the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of any part of the Term Loan/Notes Priority Collateral, any proceeds thereof or any Lien thereon securing any of the ABL Obligations. Notwithstanding anything to the contrary set forth in this Agreement, no Grantor waives or shall be deemed to have waived any rights under Section 362 of the Bankruptcy Code.

6.3. Adequate Protection.

(a) Each Term Loan/Notes Agent, on behalf of itself and the applicable Term Loan/Notes Secured Parties, agrees that none of them shall object to, contest or support any other Person objecting to or contesting:

(i) any request by the ABL Agent or any of the other ABL Secured Parties for adequate protection with respect to the ABL Priority Collateral or any adequate protection provided to the ABL Agent or any of the other ABL Secured Parties with respect to the ABL Priority Collateral (except to the extent any such adequate protection is a payment from Term Loan/Notes Priority Collateral); or

(ii) any objection by the ABL Agent or any of the other ABL Secured Parties to any motion, relief, action or proceeding based on a claim of a lack of adequate protection with respect to the ABL Priority Collateral.

(b) The ABL Agent, on behalf of itself and the ABL Secured Parties, agrees that none of them shall object to, contest or support any other Person objecting to or contesting:

(i) any request by any Term Loan/Notes Agent or any of the other Term Loan/Notes Secured Parties for adequate protection with respect to the Term Loan/Notes Priority Collateral or any adequate protection provided to any Term Loan/Notes Agent or any of the other Term Loan/Notes Secured Parties with respect to the Term Loan/Notes Priority Collateral (except to the extent any such adequate protection is a payment from ABL Priority Collateral); or

(ii) any objection by any Term Loan/Notes Agent or any Term Loan/Notes Secured Party to any motion, relief, action or proceeding based on a claim of a lack of adequate protection with respect to the Term Loan/Notes Priority Collateral.

(c) Consistent with the foregoing provisions in this Section 6.3, and except as provided in Sections 6.1 and 6.7, in any Insolvency or Liquidation Proceeding:

(i) no Term Loan/Notes Agent or Term Loan/Notes Secured Party shall be entitled (and each Term Loan/Notes Agent and Term Loan/Notes Secured Party shall be deemed to have hereby irrevocably, absolutely, and unconditionally waived any right):

(1) to seek or otherwise be granted any type of adequate protection with respect to its interests in the ABL Priority Collateral; provided, however, subject to Section 6.1, the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties may seek and obtain adequate protection in the form of an additional or replacement Lien on Collateral so long as (i) the ABL Agent and the ABL Secured Parties have been granted adequate protection in the form of a replacement Lien on such Collateral, and (ii) any such Lien on ABL Priority Collateral (and on any Collateral granted as adequate protection for the ABL Agent and the ABL Secured Parties in respect of their interest in such ABL Priority Collateral) is subordinated to the Liens of the ABL Agent in such Collateral and such other collateral on the same basis as the other Liens of the Term Loan/Notes Agents on ABL Priority Collateral; and

(2) to seek or otherwise be granted any adequate protection payments with respect to its interests in the Collateral from Proceeds of ABL Priority Collateral (except as may be consented to in writing by the ABL Agent in its sole and absolute discretion);

(ii) no ABL Agent or ABL Secured Party shall be entitled (and the ABL Agent and each ABL Secured Party shall be deemed to have hereby irrevocably, absolutely, and unconditionally waived any right):

(1) to seek or otherwise be granted any type of adequate protection in respect of Term Loan/Notes Priority Collateral except as may be consented to in writing by each Term Loan/Notes Agent in its sole and absolute discretion; provided, however, the ABL Agent and ABL Secured Parties may seek and obtain adequate protection in the form of an additional or replacement Lien on Collateral so long as (i) the Term Loan/Notes Agents and Term Loan/Notes Secured Parties have been granted adequate protection in the form of a replacement lien on such Collateral, and (ii) any such Lien on Term Loan/Notes Priority Collateral (and on any Collateral granted as adequate protection for the Term Loan/Notes Agents and Term Loan/Notes Secured Parties in respect of their interest in such Term Loan/Notes Priority Collateral) is subordinated

to the Liens of the Term Loan/Notes Agents in such Collateral on the same basis as the other Liens of the ABL Agent on Term Loan/Notes Priority Collateral; and

(2) to seek or otherwise be granted any adequate protection payments with respect to its interests in the Collateral from Proceeds of Term Loan/Notes Priority Collateral (except as may be consented to in writing by each Term Loan/Notes Agent in its sole and absolute discretion).

(d) With respect to (i) the ABL Priority Collateral, nothing herein shall limit the rights of the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties from seeking adequate protection with respect to their rights in the Term Loan/Notes Priority Collateral in any Insolvency or Liquidation Proceeding (including adequate protection in the form of a cash payment, periodic cash payments or otherwise, other than from proceeds of ABL Priority Collateral) so long as such request is not otherwise inconsistent with this Agreement and (ii) the Term Loan/Notes Priority Collateral, nothing herein shall limit the rights of the ABL Agent or the ABL Secured Parties from seeking adequate protection with respect to their rights in the ABL Priority Collateral in any Insolvency or Liquidation Proceeding (including adequate protection in the form of a cash payment, periodic cash payments or otherwise, other than from proceeds of Term Loan/Notes Priority Collateral) so long as such request is not otherwise inconsistent with this Agreement.

6.4. Post-Petition Interest.

(a) Neither the Term Loan/Notes Agents nor any Term Loan/Notes Secured Party shall oppose or seek to challenge any claim by the ABL Agent or any ABL Secured Party for allowance in any Insolvency or Liquidation Proceeding of ABL Obligations consisting of post-petition interest, fees or expenses to the extent of the value of such ABL Agent's Lien on the ABL Priority Collateral, without regard to the existence of the Liens of the Term Loan/Notes Agents on behalf of the applicable Term Loan/Notes Secured Parties on the ABL Priority Collateral. Neither the ABL Agent nor any ABL Secured Party shall oppose or seek to challenge any claim by any Term Loan/Notes Agent or any Term Loan/Notes Secured Party for allowance in any Insolvency or Liquidation Proceeding of Term Loan/Notes Obligations consisting of post-petition interest, fees or expenses to the extent of the value of the Liens of the Term Loan/Notes Agents on behalf of the applicable Term Loan/Notes Secured Parties on the ABL Priority Collateral (after taking into account the Lien of the ABL Secured Parties on the ABL Priority Collateral).

(b) Neither the ABL Agent nor any ABL Secured Party shall oppose or seek to challenge any claim by any Term Loan/Notes Agent or any Term Loan/Notes Secured Party for allowance in any Insolvency or Liquidation Proceeding of Term Loan/Notes Obligations consisting of post-petition interest, fees or expenses to the extent of the value of such Term Loan/Notes Agent's Lien on the Term Loan/Notes Priority Collateral, without regard to the existence of the Lien of the ABL Agent on behalf of the ABL Secured Parties on the Term Loan/Notes Priority Collateral. Neither the Term Loan/Notes Agents nor any Term Loan/Notes Secured Party shall oppose or seek to challenge any claim by the ABL Agent or any ABL

Secured Party for allowance in any Insolvency or Liquidation Proceeding of ABL Obligations consisting of post-petition interest, fees or expenses to the extent of the value of the Lien of the ABL Agent on behalf of the ABL Secured Parties on the Term Loan/Notes Priority Collateral (after taking into account the Lien of the Term Loan/Notes Secured Parties on the Term Loan/Notes Priority Collateral).

6.5. Preference Issues.

(a) If any ABL Secured Party is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of any Grantor any amount (an "ABL Recovery"), then the ABL Obligations shall be reinstated to the extent of such ABL Recovery and, if theretofore terminated, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the Lien priorities and the relative rights and obligations of the ABL Secured Parties and the Term Loan/Notes Secured Parties provided for herein.

(b) If any Term Loan/Notes Secured Party is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of any Grantor any amount (a "Term Loan/Notes Recovery"), then the Term Loan/Notes Obligations shall be reinstated to the extent of such Term Loan/Notes Recovery and, if theretofore terminated, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the Lien priorities and the relative rights and obligations of the Term Loan/Notes Secured Parties and the ABL Secured Parties provided for herein.

6.6. Application. This Agreement shall be applicable both before and after the institution of any Insolvency or Liquidation Proceeding involving the Borrower or any other Grantor, including the filing of any petition by or against the Borrower or any other Grantor under the Bankruptcy Code or under any other Bankruptcy Law and all converted or subsequent cases in respect thereof, and all references herein to the Borrower or any Grantor shall be deemed to apply to the trustee for the Borrower or such Grantor and the Borrower or such Grantor as debtor-in-possession. The relative rights of the ABL Secured Parties and the Term Loan/Notes Secured Parties in or to any distributions from or in respect of any Collateral or proceeds of Collateral shall continue after the institution of any Insolvency or Liquidation Proceeding involving the Borrower or any other Grantor, including the filing of any petition by or against the Borrower or any other Grantor under the Bankruptcy Code or under any other Bankruptcy Law and all converted cases and subsequent cases, on the same basis as prior to the date of such institution, subject to any court order approving the financing of, or use of cash collateral by, the Borrower or any other Grantor as debtor-in-possession, or any other court order affecting the rights and interests of the parties hereto not in conflict with this Agreement. This Agreement shall constitute a subordination agreement for the purposes of Section 510(a) of the Bankruptcy Code and shall be enforceable in any Insolvency or Liquidation Proceeding in accordance with its terms.

6.7. Waivers. Until the Discharge of ABL Obligations has occurred, each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, (a) will not assert or enforce any claim under Section 506(c) of the Bankruptcy Code or similar

provision of other Bankruptcy Law senior to or on a parity with the Liens on ABL Priority Collateral securing the ABL Obligations for costs or expenses of preserving or disposing of any ABL Collateral, (b) agrees that it will not assert or enforce any claim against any ABL Secured Party under the "equities of the case" exception of Section 552(b) of the Bankruptcy Code or any similar provision of other Bankruptcy Laws for the costs and expenses of preserving or disposing of any of the ABL Priority Collateral in any Insolvency or Liquidation Proceeding and (c) waives any claim it may now or hereafter have arising out of the election by any ABL Secured Party of the application of Section 1111(b)(2) of the Bankruptcy Code or similar provision of other Bankruptcy Laws with respect to any ABL Priority Collateral. Until the Discharge of Term Loan/Notes Obligations has occurred, the ABL Agent, on behalf of itself and each ABL Secured Party, (a) will not assert or enforce any claim under Section 506(c) of the Bankruptcy Code or similar provision of other Bankruptcy Laws senior to or on a parity with the Liens on Term Loan/Notes Priority Collateral securing the Term Loan/Notes Obligations for costs or expenses of preserving or disposing of any Term Loan/Notes Collateral, (b) agrees that it will not assert or enforce any claim against any Term Loan/Notes Secured Party under the "equities of the case" exception of Section 552(b) of the Bankruptcy Code or any similar provision of other Bankruptcy Laws for the costs and expenses of preserving or disposing of any of the Term Loan/Notes Priority Collateral in any Insolvency or Liquidation Proceeding and (c) waives any claim it may now or hereafter have arising out of the election by any Term Loan/Notes Secured Party of the application of Section 1111(b)(2) of the Bankruptcy Code or similar provision of other Bankruptcy Laws with respect to any Term Loan/Notes Priority Collateral.

6.8. Separate Classes. Each of the parties hereto irrevocably acknowledges and agrees that (a) the claims and interests of the ABL Secured Parties and the Term Loan/Notes Secured Parties are not "substantially similar" within the meaning of Section 1122 of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law, (b) the grants of the Liens to secure the ABL Obligations and the grants of the Liens to secure the Term Loan/Notes Obligations constitute separate and distinct grants of Liens, (c) the ABL Secured Parties' rights in the Collateral are fundamentally different from the Term Loan/Notes Secured Parties' rights in the Collateral and (d) as a result of the foregoing, among other things, the ABL Obligations and the Term Loan/Notes Obligations must be separately classified in any plan of reorganization proposed or adopted in any Insolvency or Liquidation Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the ABL Secured Parties and the Term Loan/Notes Secured Parties in respect of the Collateral constitute only one secured claim (rather than separate classes of claims), then the ABL Secured Parties and the Term Loan/Notes Secured Parties hereby acknowledge and agree that all distributions shall be made as if there were separate classes of ABL Obligations, on the one hand, and the Term Loan/Notes Obligations, on the other hand, against the Grantors, with the effect being that, to the extent that the aggregate value of the ABL Priority Collateral or Term Loan/Notes Priority Collateral is sufficient, the ABL Secured Parties or the Term Loan/Notes Secured Parties, respectively, shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest that is available from that portion of the Collateral in which each of the ABL Secured Parties and the Term Loan/Notes Secured Parties, respectively, have a First Priority Obligation, before any distribution is made in respect of the claims held by the other Secured Parties from such Collateral, with the other Secured Parties hereby acknowledging and agreeing to turn over to the respective other Secured Parties amounts

otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the aggregate recoveries.

6.9. Asset Sales.

(a) Except as otherwise set forth below, until the Discharge of ABL Obligations has occurred, each Term Loan/Notes Agent, for itself and on behalf of the other applicable Term Loan/Notes Secured Parties, agrees that, in the event of any Insolvency or Liquidation Proceeding, the Term Loan/Notes Secured Parties will not object to or oppose in any manner (or support any Person in objecting to or opposing) a motion with respect to any sale, lease, license, exchange, transfer or other disposition of any Collateral (including any motion seeking approval of bid procedures) free and clear of the Liens of the Term Loan/Notes Agents and the other Term Loan/Notes Secured Parties or other claims under Section 363 of the Bankruptcy Code, or any comparable provision of any Bankruptcy Law and shall be deemed to have consented to any such sale, lease, license, exchange, transfer or other disposition of any Collateral under Section 363(f) of the Bankruptcy Code that has been consented to by the ABL Agent; provided that the proceeds of such sale, lease, license, exchange, transfer or other disposition of any ABL Priority Collateral shall be applied to the ABL Obligations or the Term Loan/Notes Obligations in accordance with Sections 4.2 and 4.3, or if not so applied, the Liens of the Term Loan/Notes Agents in such ABL Priority Collateral shall attach to the proceeds of such disposition subject to the relative priorities set forth in Section 2.1 hereof.

(b) Except as otherwise set forth below, until the Discharge of Term Loan/Notes Obligations has occurred, the ABL Agent, for itself and on behalf of the other ABL Secured Parties, agrees that, in the event of any Insolvency or Liquidation Proceeding, the ABL Secured Parties will not object to or oppose in any manner (or support any Person in objecting to or opposing) a motion with respect to any sale, lease, license, exchange, transfer or other disposition of any Collateral (including any motion seeking approval of bid procedures) free and clear of the Liens of the ABL Agent and the other ABL Secured Parties or other claims under Section 363 of the Bankruptcy Code, or any comparable provision of any Bankruptcy Law and shall be deemed to have consented to any such sale, lease, license, exchange, transfer or other disposition of any Collateral under Section 363(f) of the Bankruptcy Code that has been consented to by the Term Loan/Notes Agents; provided that the proceeds of such sale, lease, license, exchange, transfer or other disposition of any Term Loan/Notes Priority Collateral shall be applied to the Term Loan/Notes Obligations or the ABL Obligations in accordance with Sections 4.2 and 4.3, or if not so applied, the Liens of the ABL Agent in such Term Loan/Notes Priority Collateral shall attach to the proceeds of such disposition subject to the relative priorities set forth in Section 2.1 hereof.

6.10. Reorganization Securities. If, in any Insolvency or Liquidation Proceeding, debt obligations of any reorganized Grantor secured by Liens upon any property of such reorganized Grantor are distributed, pursuant to a plan of reorganization, on account of both the ABL Obligations and the Term Loan/Notes Obligations, then, to the extent that the debt obligations distributed on account of the ABL Obligations and on account of the Term Loan/Notes Obligations are secured by Liens upon the same assets or property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

6.11. Other Bankruptcy Laws. In the event that an Insolvency or Liquidation Proceeding is filed in a jurisdiction other than the United States or is governed by any Bankruptcy Law other than the Bankruptcy Code, each reference in this Agreement to a section of the Bankruptcy Code shall be deemed to refer to the substantially similar or corresponding provision of the Bankruptcy Law applicable to such Insolvency or Liquidation Proceeding, or in the absence of any specific similar or corresponding provision of the Bankruptcy Law, such other general Bankruptcy Law as may be applied in order to achieve substantially the same result as would be achieved under each applicable section of the Bankruptcy Code.

**Section 7. [Reserved]**

**Section 8. Reliance; Waivers; etc.**

8.1. Reliance. The consent by the First Priority Secured Parties to the incurrence by the Borrower and the other Grantors of the Second Priority Obligations, the execution and delivery of the Second Priority Documents and the grant to each applicable Second Priority Agent on behalf of the Second Priority Secured Parties of a Lien on the Collateral and all loans and other extensions of credit made or deemed made on and after the date hereof by the First Priority Secured Parties to the Borrower or any other Grantor shall be deemed to have been given and made in reliance upon this Agreement.

8.2. No Warranties or Liability. Except as set forth in Section 9.14, neither the First Priority Agent nor any First Priority Secured Party shall have been deemed to have made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the First Priority Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. The First Priority Secured Parties will be entitled to manage and supervise their respective loans and extensions of credit under the First Priority Documents in accordance with Law and as they may otherwise, in their sole discretion, deem appropriate, and the First Priority Secured Parties may manage their loans and extensions of credit without regard to any rights or interests that any Second Priority Agent or any of the Second Priority Secured Parties have in the Collateral or otherwise, except as otherwise provided in this Agreement. Neither the First Priority Agent nor any First Priority Secured Party shall have any duty to any Second Priority Agent or any Second Priority Secured Party to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreements with the Borrower or any Subsidiary (including the Second Priority Documents), regardless of any knowledge thereof that they may have or be charged with. Notwithstanding anything to the contrary herein contained, none of the parties hereto waives any claim that it may have against a Term Loan/Notes Agent or the ABL Agent, as applicable, on the grounds that any sale, transfer or other disposition by such Term Loan/Notes Agent or ABL Agent (as applicable) was not commercially reasonable to the extent required by the Uniform Commercial Code or other applicable Law. Except as expressly set forth in this Agreement, the First Priority Agent, the First Priority Secured Parties, the Second Priority Agent and the Second Priority Secured Parties have not otherwise made to each other, nor do they hereby make to each other, any warranties, express or implied, nor do they assume any liability to each other with respect to (a) the enforceability, validity, value or collectability of any of the First Priority Obligations, the Second Priority Obligations or any guarantee or security which may have been granted to any of them in

connection therewith, (b) the Borrower's or any other Grantor's title to or right to transfer any of the Collateral or (c) any other matter except as expressly set forth in this Agreement.

8.3. Obligations Unconditional. All rights, interests, agreements and obligations of the First Priority Agent and the First Priority Secured Parties, and the Second Priority Agent and the Second Priority Secured Parties, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any First Priority Documents or any Second Priority Documents;

(b) any change in the time, manner or place of payment of, or in any other terms of, all or any of the First Priority Obligations or Second Priority Obligations, or any amendment or waiver or other modification, including, subject to Sections 4.2 and 4.3 hereof, any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of the ABL Credit Agreement or any other ABL Loan Document or of the terms of the Term Loan/Notes Agreements or any other Term Loan/Notes Document;

(c) any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the First Priority Obligations or Second Priority Obligations or any guarantee thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of the Borrower or any other Grantor; or

(e) any other circumstances that otherwise might constitute a defense available to, or a discharge of, the Borrower or any other Grantor in respect of the First Priority Obligations, or of any Second Priority Agent or any Second Priority Secured Parties in respect of this Agreement.

**Section 9. Miscellaneous.**

9.1. Conflicts. Subject to Section 9.18 and Section 9.19, in the event of any conflict between the provisions of this Agreement and the provisions of any ABL Loan Document or any Term Loan/Notes Document, the provisions of this Agreement shall govern. Solely as among the Term Loan/Notes Secured Parties, in the event of any conflict between this Agreement and the Senior-Priority Pari Passu Intercreditor Agreement, any Junior-Priority Pari Passu Intercreditor Agreement or any Junior-Priority Intercreditor Agreement, as the case may be, such Senior-Priority Pari Passu Intercreditor Agreement, Junior-Priority Pari Passu Intercreditor Agreement or Junior-Priority Intercreditor Agreement, as applicable, shall govern and control.

9.2. Term of this Agreement; Severability. (a) This is a continuing agreement of lien subordination and the First Priority Secured Parties may continue, at any time and without notice to the Second Priority Agent or any Second Priority Secured Parties, to extend credit and other financial accommodations and lend monies to or for the benefit of the Borrower or any other Grantor constituting First Priority Obligations in reliance hereon. Each Second Priority

Agent, for itself and on behalf of the Second Priority Secured Parties, hereby waives any right it may have under applicable Law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(b) This Agreement shall terminate and be of no further force and effect:

(i) with respect to the ABL Agent, the ABL Secured Parties and the ABL Obligations, upon the Discharge of ABL Obligations, subject to the rights of the ABL Secured Parties under Section 6.5; and

(ii) with respect to the Term Loan/Notes Agents, the Term Loan/Notes Secured Parties and the Term Loan/Notes Obligations, upon the Discharge of Term Loan/Notes Obligations, subject to the rights of the Term Loan/Notes Secured Parties under Section 6.5.

9.3. Amendments; Waivers. (a) No amendment, modification or waiver of any of the provisions of this Agreement by the ABL Agent or the Term Loan/Notes Agents shall be deemed to be made unless the same shall be in writing signed on behalf of the party making the same or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. No Grantor shall have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except, in the case of the Grantors, to the extent that their rights or obligations are directly adversely affected.

(b) Subject to compliance with Section 9.3(d) below, upon any Refinancing in full of the ABL Credit Agreement, a Term Loan/Notes Agreement or any other Debt Agreement as then in effect, the Grantors will be permitted to designate the agreement which Refinances the ABL Credit Agreement, such Term Loan/Notes Agreement or such other Debt Agreement as a replacement ABL Credit Agreement (the "Replacement ABL Credit Agreement"), Term Loan/Notes Agreement or other Debt Agreement in which case such designated agreement shall thereafter constitute the ABL Credit Agreement, applicable Term Loan/Notes Agreement or other Debt Agreement, as the case may be, for purposes hereof; provided that each predecessor ABL Credit Agreement, Term Loan/Notes Agreement and/or other Debt Agreement shall continue to be bound by (and entitled to the benefits of) the provisions hereof (including, without limitation, Section 6.5 hereof) as applied to such agreements, the related agreements and all Obligations thereunder prior to the Refinancing thereof.

(c) Subject to compliance with the following clauses (d) through (g), notwithstanding anything in this Section 9.3 to the contrary, this Agreement may be amended, supplemented or otherwise modified from time to time at the request of the Borrower in accordance with clauses (d) through (g) below, at the Borrower's expense, and without the consent of any ABL Agent or Term Loan/Notes Agent to (i) add Additional Holders of Future

Secured Term Indebtedness (or Additional Agents therefor) to the extent such Indebtedness and related obligations (and the Liens thereon) are not prohibited by the Term Loan/Notes Documents or the ABL Credit Agreement, as applicable, (ii) in the case of Additional Senior-Priority Debt, (1) establish that the Lien on the ABL Priority Collateral securing the obligations in respect of such Additional Senior-Priority Debt shall rank junior and subordinate in all respects to all Liens on the ABL Priority Collateral securing any ABL Obligations and shall share in the benefits of the ABL Priority Collateral equally and ratably with all Liens on the ABL Priority Collateral securing any Senior-Priority Obligations and that the Lien on the Term Loan/Notes Priority Collateral securing the obligations in respect of such Additional Senior-Priority Debt shall rank senior in all respects to all Liens on the Term Loan/Notes Priority Collateral securing any ABL Obligations and shall share in the benefits of the Term Loan/Notes Priority Collateral equally and ratably with all Liens on the Term Loan/Notes Priority Collateral securing any Senior-Priority Obligations, and (2) provide to the Additional Holders of such Additional Senior-Priority Debt (or any Additional Agents thereof) the comparable rights and benefits (including any improved rights and benefits that have been consented to by the ABL Agent) as are provided to the holders of Senior-Priority Obligations under this Agreement and (iii) in the case of Additional Junior-Priority Debt, (1) establish that the Lien on the ABL Priority Collateral securing Indebtedness and other obligations in respect of such Additional Junior-Priority Debt shall rank junior and subordinate in all respects to all Liens on the ABL Priority Collateral securing any ABL Obligations and shall share in the benefits of the ABL Priority Collateral equally and ratably with all Liens on the ABL Priority Collateral securing any then existing Junior-Priority Obligations and that the Lien on the Term Loan/Notes Priority Collateral securing the obligations in respect of such Additional Junior-Priority Debt shall rank senior in all respects to all Liens on the Term Loan/Notes Priority Collateral securing any ABL Obligations and shall share in the benefits of the Term Loan/Notes Priority Collateral equally and ratably with all Liens on the Term Loan/Notes Priority Collateral securing any Junior-Priority Obligations, and (2) provide to the Additional Holders of such Additional Junior-Priority Debt (or any Additional Agent in respect thereof) the comparable rights and benefits (including any improved rights and benefits that have been consented to by the ABL Agent) as are provided to the holders of any other then existing Junior-Priority Obligations under this Agreement.

(d) Upon the execution and delivery of any Replacement ABL Credit Agreement, Term Loan/Notes Agreement or other Debt Agreement (as contemplated by the preceding clause (b)) or any Debt Agreement with respect to any Future Secured Term Indebtedness (as contemplated by the preceding clause (c)):

(i) the Borrower shall deliver to the ABL Agent and each Term Loan/Notes Agent an officer’s certificate stating that the applicable Grantors (x) in the case of preceding clause (b), intend to enter or have entered into a Refinancing, in whole or in part, of the ABL Credit Agreement, a Term Loan/Notes Agreement or any other Debt Agreement, as the case may be, that such agreement shall thereafter (upon any such Refinancing in full) constitute the ABL Credit Agreement, applicable Term Loan/Notes Agreement or another Debt Agreement, as the case may be, and certifying to each applicable Agent that such Refinancing is permitted by the ABL Credit Agreement, each applicable Term Loan/Notes Agreement and each other applicable Debt Agreement, as applicable (exclusive of any such agreement which is then being Refinanced in full), or (y) in the case of preceding clause (c), intend to enter or have entered into a Debt Agreement with

respect to such Future Secured Term Indebtedness, and certifying to each applicable Agent that the issuance or incurrence of such Future Secured Term Indebtedness and the Liens securing the Indebtedness and other obligations in respect of such Future Secured Term Indebtedness are permitted by the ABL Credit Agreement, the applicable Term Loan/Notes Agreements and each other applicable Debt Agreement, as applicable. Each applicable Agent shall be entitled to rely conclusively on the determination of the Borrower that such issuance and/or incurrence does not violate the provisions of the ABL Loan Documents, the applicable Term Loan/Notes Documents or any other applicable Debt Agreement; provided, however, that such determination will not affect whether or not the each applicable Grantor has complied with its undertakings in the ABL Loan Documents or the Term Loan/Notes Documents or each other Debt Agreement, as applicable; and

(ii) (x) in the case of the preceding clause (b), the Borrower shall provide prompt prior written notice to each then existing ABL Agent and Term Loan/Notes Agent of the new ABL Credit Agreement, Term Loan/Notes Agreement or other Debt Agreement, as the case may be, together with copies thereof, and identifying the Additional Agent thereunder, and providing its notice information for purposes hereof, and such Additional Agent shall execute and deliver an Intercreditor Agreement Joinder which is acknowledged by each then existing ABL Agent and Term Loan/Notes Agent, or (y) in the case of an amendment, supplement or other modification to this Agreement with respect to Future Secured Term Indebtedness as contemplated by the preceding clause (c), the Borrower shall provide prior written notice to each then existing ABL Agent and Term Loan/Notes Agent and the Additional Agent for such Future Secured Term Indebtedness shall execute and deliver to the ABL Agent and each other Term Loan/Notes Agent an Intercreditor Agreement Joinder acknowledging that such holders shall be bound by the terms hereof to the extent applicable to Term Loan/Notes Secured Parties which is acknowledged by each then existing ABL Agent and Term Loan/Notes Agent.

(e) In each case above, each Term Loan/Notes Agent and the ABL Agent shall promptly enter into such documents and agreements (including amendments, restatements, amendments and restatements, supplements or other modifications to this Agreement) (in form and substance reasonably satisfactory to the party executing the same (provided that such document or agreement shall be deemed to be reasonably satisfactory to such party if the amendments set forth therein are consistent in all respects with the terms of this Agreement)) as the Borrower, any other Term Loan/Notes Agent or ABL Agent (but no other Secured Party) may reasonably request in order to provide to it the rights, remedies and powers and authorities contemplated hereby, in each case consistent in all respects with the terms of this Agreement.

(f) In the case of a designation of a new Term Loan/Notes Agreement or other Debt Agreement with respect to Future Secured Term Indebtedness pursuant to preceding clause (b) or (c), the ABL Agent and any other Term Loan/Notes Agent shall promptly (i) enter into such documents and agreements (including amendments or supplements to this Agreement) (in form and substance reasonably satisfactory to the party executing the same) as the Borrower or such Additional Agent shall reasonably request in order to provide to the Additional Agent the

rights contemplated hereby, in each case consistent in all material respects with the terms of this Agreement and (ii) in the case of clause (b) only, deliver to the Additional Agent any Pledged Collateral (to the extent constituting Term Loan/Notes Priority Collateral) held by such ABL Agent or (subject to the terms of the Junior-Priority Intercreditor Agreement and applicable Pari Passu Intercreditor Agreement) such other Term Loan/Notes Agent, together with any necessary endorsements (or otherwise allow the Additional Agent to obtain control of such Pledged Collateral). The Additional Agent shall agree to be bound by the terms of this Agreement. If the new Term Loan/Notes Obligations under the new Term Loan/Notes Documents are secured by assets of the Grantors of the type constituting Term Loan/Notes Priority Collateral that do not also secure the ABL Obligations, then the ABL Obligations shall be secured at such time by a Lien on such assets to the same extent provided in the ABL Security Documents with respect to the other Term Loan/Notes Priority Collateral. If the new Term Loan/Notes Obligations under the new Term Loan/Notes Documents are secured by assets of the Grantors of the type constituting ABL Priority Collateral that do not also secure the ABL Obligations, then the ABL Obligations shall be secured at such time by a Lien on such assets to the same extent provided in the ABL Security Documents with respect to the other ABL Priority Collateral.

(g) It is understood that the ABL Agent and the Designated Term Loan/Notes Agent, without the consent of any other ABL Secured Party or Term Loan/Notes Secured Party, may in their discretion determine that a supplemental agreement (which may take the form of an amendment and restatement of this Agreement) is necessary or appropriate to facilitate having additional Indebtedness or other obligations of any of the Grantors become Term Loan/Notes Obligations or ABL Obligations, as the case may be, under this Agreement (such Indebtedness or other obligations, "Additional Debt"), which supplemental agreement shall, if applicable, specify whether such Additional Debt constitutes Term Loan/Notes Obligations or ABL Obligations; provided that such Additional Debt is permitted to be incurred under any ABL Credit Agreement and any Term Loan/Notes Agreement then extant in accordance with the terms thereof. Each such supplemental agreement (x) shall be in form and substance reasonably satisfactory to the ABL Agent and the Designated Term Loan/Notes Agent, (y) shall be executed by the agent with respect to the applicable series of Additional Debt (and, upon the effectiveness of such supplemental agreement, such agent shall become an "ABL Agent" or a "Term Loan/Notes Agent", as the case may be, hereunder) and (z) shall provide, in a manner satisfactory to the ABL Agent and the Designated Term Loan/Notes Agent, that the agent with respect to any applicable series of Additional Debt and each holder of such series of Additional Debt shall be subject to and bound by the provisions of this Agreement, as so supplemented, in its capacity as a holder of such series of Additional Debt.

9.4. Information Concerning Financial Condition of the Borrower, the ABL Borrowers and the Subsidiaries. No ABL Agent nor any ABL Secured Party shall have any obligation to any Term Loan/Notes Agent or any Term Loan/Notes Secured Party to keep any Term Loan/Notes Agent or any Term Loan/Notes Secured Party informed of, and each Term Loan/Notes Agent and the Term Loan/Notes Secured Parties shall not be entitled to rely on, the ABL Agent or the ABL Secured Parties with respect to, (a) the financial condition of the Borrower and the Grantors and all endorsers and/or guarantors of the ABL Obligations or the Term Loan/Notes Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the ABL Obligations or the Term Loan/Notes Obligations. No Term Loan/Notes

Agent or any Term Loan/Notes Secured Party shall have any obligation to the ABL Agent or any ABL Secured Party to keep the ABL Agent or any ABL Secured Party informed of, and the ABL Agent and the ABL Secured Parties shall not be entitled to rely on, any Term Loan/Notes Agent or the Term Loan/Notes Secured Parties with respect to, (a) the financial condition of the Borrower and the Grantors and all endorsers and/or guarantors of the ABL Obligations or the Term Loan/Notes Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the ABL Obligations or the Term Loan/Notes Obligations. The ABL Agent, the ABL Secured Parties, the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties shall have no duty to advise any other party hereunder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event that the ABL Agent, any ABL Secured Party, any Term Loan/Notes Agent or any Term Loan/Notes Secured Party, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to any other party, it or they shall be under no obligation (w) to make, and the ABL Agent, the ABL Secured Parties, the Term Loan/Notes Agents and the Term Loan/Notes Secured Parties shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided, (x) to provide any additional information or to provide any such information on any subsequent occasion, (y) to undertake any investigation or (z) to disclose any information that, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

9.5. Subrogation. Each Term Loan/Notes Agent, for itself and on behalf of the applicable Term Loan/Notes Secured Parties, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of ABL Obligations shall have occurred. The ABL Agent, for itself and on behalf of the ABL Secured Parties, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of Term Loan/Notes Obligations shall have occurred.

9.6. Application of Payments.

(a) Except as otherwise provided herein, all payments received by the ABL Secured Parties may be applied, reversed and reapplied, in whole or in part, to such part of the ABL Obligations as the ABL Secured Parties, in their sole discretion, deem appropriate, consistent with the terms of the ABL Loan Documents. Except as otherwise provided herein, each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, assents to any such extension or postponement of the time of payment of the ABL Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any security that may at any time secure any part of the ABL Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

(b) Except as otherwise provided herein, all payments received by the Term Loan/Notes Secured Parties may be applied, reversed and reapplied, in whole or in part, to such part of the Term Loan/Notes Obligations as the Term Loan/Notes Secured Parties, in their sole discretion, deem appropriate, consistent with the terms of the Term Loan/Notes Documents. Except as otherwise provided herein, the ABL Agent, on behalf of itself and each ABL Secured Party, assents to any such extension or postponement of the time of payment of the Term

Loan/Notes Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any security that may at any time secure any part of the Term Loan/Notes Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

9.7. JURISDICTION; CONSENT TO SERVICE OF PROCESS; WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, 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 STATE OR, TO THE EXTENT PERMITTED BY 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 SHALL AFFECT ANY RIGHT THAT THE ABL AGENT OR ANY TERM LOAN/NOTES AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE BORROWER OR ANY OTHER GRANTOR OR THEIR RESPECTIVE PROPERTIES IN THE COURTS OF ANY JURISDICTION. EACH OF THE PARTIES HERETO WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. EACH OF THE PARTIES HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.08. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.7.

9.8. Notices. All notices to the ABL Secured Parties and the Term Loan/Notes Secured Parties permitted or required under this Agreement may be sent to the applicable ABL Agent or the applicable Term Loan/Notes Agent as provided in the ABL Credit Agreement or the applicable Term Loan/Notes Agreement. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, electronically mailed or sent by courier service or mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or electronic mail or upon receipt via mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties and as otherwise provided in the ABL Loan Documents and the Term Loan/Notes Documents. Each First Priority Agent hereby agrees to promptly notify each Second Priority Agent upon payment in full in cash of all Indebtedness under the applicable First Priority Documents (except for contingent indemnities and cost and reimbursement obligations to the extent no claim therefor has been made).

9.9. Further Assurances. The ABL Agent, for itself and on behalf of each ABL Secured Party, each Term Loan/Notes Agent, on behalf of itself and each applicable Term Loan/Notes Secured Party, and each Grantor party hereto, for itself and on behalf of its subsidiaries, agrees that it will execute, or will cause to be executed, any and all further documents, agreements and instruments (in recordable form, if requested, and in form and substance reasonably satisfactory to the party executing the same), and take all such further actions, as may be required under any applicable Law, or which the ABL Secured Parties or Term Loan/Notes Secured Parties, as applicable, may reasonably request, to effectuate the terms of this Agreement, including the relative Lien priorities provided for herein.

9.10. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

9.11. Specific Performance. Each First Priority Agent and each Second Priority Agent may demand specific performance of this Agreement. Each Second Priority Agent, on behalf of itself and each applicable Second Priority Secured Party, and each First Priority Agent, on behalf of itself and each applicable First Priority Secured Party, hereby irrevocably waives any defense based on the adequacy of a remedy at Law and any other defense that might be asserted to bar the remedy of specific performance in any action that may be brought by the First Priority Agent or the Second Priority Agent, as the case may be.

9.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

9.13. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed

signature page to this Agreement by facsimile transmission or electronic transmission shall be effective as delivery of a manually signed counterpart of this Agreement.

9.14. Representations and Warranties of Each Party. Each party hereto represents and warrants to the other parties hereto that this Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable in accordance with its terms except as such enforceability may be limited by Bankruptcy Law and by general principles of equity.

9.15. No Third Party Beneficiaries; Successors and Assigns. This Agreement and the rights and benefits hereof shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns and shall inure to the benefit of each of, and be binding upon, the holders of ABL Obligations and Term Loan/Notes Obligations. No other Person shall have or be entitled to assert rights or benefits hereunder; provided, that, the Borrower and the other Grantors shall be express third party beneficiaries of, and shall be entitled to rely on and enforce the provisions of, Sections 6.1, 6.3(d), 6.9 and 9.3. Without limiting the generality of the foregoing, any person to whom a Secured Party assigns or otherwise transfers all or any portion of the ABL Obligations or the Term Loan/Notes Obligations, as applicable, in accordance with the applicable ABL Loan Documents or Term Loan/Notes Documents, as the case may be, shall become vested with all the rights and obligations in respect thereof granted to such Secured Parties, without any further consent or action of the other Secured Parties.

9.16. Effectiveness. This Agreement shall become effective when executed and delivered by the parties hereto. This Agreement shall be effective both before and after the commencement of any Insolvency or Liquidation Proceeding. All references to the Borrower or any other Grantor shall include the Borrower or any other Grantor as debtor and debtor-in-possession and any receiver or trustee for the Borrower or any other Grantor (as the case may be) in any Insolvency or Liquidation Proceeding.

9.17. ABL Agent and Term Loan/Notes Agents. It is understood and agreed that (i) JPMorgan Chase Bank, N.A. is entering into this Agreement in its capacity as administrative agent and collateral agent under the ABL Credit Agreement and the provisions of Article VIII of the ABL Credit Agreement applicable to JPMorgan Chase Bank, N.A. as administrative agent thereunder shall also apply to JPMorgan Chase Bank, N.A. as the ABL Agent hereunder, (ii) Credit Suisse AG is entering into this Agreement in its capacity as collateral agent under the Senior-Priority Documents and the provisions of Article VIII of the Senior-Priority Non-ABL Loan Agreement, Article VII of the 2021 Secured Notes Indenture and Article VII of the 2023 Secured Notes Indenture, in each case, applicable to Credit Suisse AG as collateral agent thereunder shall also apply to Credit Suisse AG as a Term Loan/Notes Agent hereunder, (iii) Credit Suisse AG is entering into this agreement in its capacity as administrative agent under the Senior-Priority Non-ABL Loan Agreement and the provisions of Article VIII of the Senior-Priority Non-ABL Loan Agreement applicable to Credit Suisse AG as administrative agent thereunder shall also apply to Credit Suisse AG as a Term Loan/Notes Agent hereunder, (iv) Regions Bank is entering into this Agreement in its capacity as indenture trustee under the 2021 Secured Notes Indenture and the provisions of Article VII of the 2021 Secured Notes Indenture applicable to Regions Bank as indenture trustee thereunder shall also apply to Regions

Bank as a Term Loan/Notes Agent hereunder and (v) Regions Bank is entering into this Agreement in its capacity as indenture trustee under the 2023 Secured Notes Indenture and the provisions of Article VII of the 2023 Secured Notes Indenture applicable to Regions Bank as indenture trustee thereunder shall also apply to Regions Bank as a Term Loan/Notes Agent hereunder .

9.18. Limitation on Term Loan/Notes Agents' and ABL Agent's Responsibilities.

(a) The Term Loan/Notes Agents and the ABL Agent may execute any of the powers granted under this Agreement and perform any duty hereunder either directly or by or through agents or attorneys-in-fact, and shall not be responsible for the gross negligence or willful misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(b) Neither the Term Loan/Notes Agents nor the ABL Agent shall be deemed to have actual, constructive, direct or indirect notice or knowledge of the occurrence of any Event of Default (under, and as defined in, any Debt Agreement) unless and until the applicable Term Loan/Notes Agents or the ABL Agent (as applicable) shall have received a written notice of such Event of Default or a written notice from any Grantor or any Secured Party to such Person in such capacity indicating that such an Event of Default has occurred. Neither the Term Loan/Notes Agents nor the ABL Agent shall have any obligation either prior to or after receiving such notice to inquire whether such an Event of Default has, in fact, occurred and shall be entitled to rely conclusively, and shall be fully protected in so relying, on any notice so furnished to it.

9.19. Relationship with Other Intercreditor Agreements. (a) The purpose of this Agreement is to define the relative rights and priorities between the ABL Secured Parties, on the one hand, and the Term Loan/Notes Secured Parties, on the other hand. This Agreement is the "ABL Intercreditor Agreement" referred to in the ABL Credit Agreement and the Senior-Priority Non-ABL Loan Agreement.

(b) Solely as among the Term Loan/Notes Secured Parties, the Senior-Priority Pari Passu Intercreditor Agreement, the Junior-Priority Pari Passu Intercreditor Agreement and/or the Junior-Priority Intercreditor Agreement, as applicable, shall define the relative rights and priorities of such Term Loan/Notes Secured Parties (as amongst each other) with respect to the Collateral. As among the Term Loan/Notes Secured Parties, nothing herein (including, without limitation, Section 6.8) is intended to alter their relative rights and obligations, which shall be governed by the Senior-Priority Pari Passu Intercreditor Agreements, Junior-Priority Pari Passu Intercreditor Agreement and/or Junior-Priority Intercreditor Agreement, as applicable, or to require that such rights and obligations be treated as a single class in any Insolvency or Liquidation Proceeding.

9.20. Provisions Solely to Define Relative Rights. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the First Priority Secured Parties, on the one hand, and the Second Priority Secured Parties, on the other hand. None of the Borrower, any other Grantor, any Guarantor or any other creditor thereof

shall have any rights or obligations, except as expressly provided in this Agreement, hereunder and none of the Borrower, any other Grantor or any Guarantor may rely on the terms hereof.

9.21. Additional Grantors. The Borrower will promptly cause each Person that becomes a Grantor to execute and deliver to the ABL Agent and the Term Loan/Notes Agents party hereto an acknowledgment to this Agreement substantially in the form of Exhibit A, whereupon such Person will be bound by the terms hereof to the same extent as if it had executed and delivered this Agreement as of the date hereof. The Secured Parties and the Grantors hereto further agree that, notwithstanding any failure to take the actions required by the immediately preceding sentence, each Person that becomes a Grantor at any time (and any security granted by any such Person) shall be subject to the provisions hereof as fully as if the same constituted a Grantor party hereto and had complied with the requirements of the immediately preceding sentence.

9.22. Application of Proceeds. Any Collateral or proceeds thereof or payment with respect thereto received by the Designated Term Loan/Notes Agent in accordance with this Agreement shall be applied by such Agent (i) for the benefit of the Senior-Priority Secured Parties in accordance with the Senior-Priority Pari Passu Intercreditor Agreement, if applicable, and/or the other Senior-Priority Documents and (ii) for the benefit of the Junior-Priority Secured Parties in accordance with the Junior-Priority Pari Passu Intercreditor Agreement, if applicable, and/or the other Junior-Priority Documents.

[remainder of page intentionally left blank]

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

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

By: /s/ Joseph M. McShane
Name: Joseph M. McShane
Title: Vice President

Address: 383 Madison Avenue
24th Floor
New York, NY 10179
Facsimile: 212-270-3279

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Senior-Priority Collateral Agent

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Authorized Signatory

By: /s/ Warren Van Heyst
Name: Warren Van Heyst
Title: Authorized Signatory

Address: Credit Suisse AG, Cayman Islands Branch
Eleven Madison Avenue
New York, NY 10010
Facsimile: (212) 322-2291

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Senior-Priority Non-ABL Loan Agent

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Authorized Signatory

By: /s/ Warren Van Heyst
Name: Warren Van Heyst
Title: Authorized Signatory

Address: Credit Suisse AG, Cayman Islands Branch
Eleven Madison Avenue
New York, NY 10010
Facsimile: (212) 322-2291

REGIONS BANK, as 2021 Secured Notes Trustee

By: /s/ Kristine Prall
Name: Kristine Prall
Title: Vice President

Address: 1180 West Peachtree Street
Suite 1200
Atlanta, GA 30309
Facsimile: 404-581-3770

REGIONS BANK, as 2023 Secured Notes Trustee

By: /s/ Kristine Prall
Name: Kristine Prall
Title: Vice President

Address: 1180 West Peachtree Street
Suite 1200
Atlanta, GA 30309
Facsimile: 404-581-3770

CHS/COMMUNITY HEALTH SYSTEMS, INC.

By /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

COMMUNITY HEALTH SYSTEMS, INC.

By /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Abilene Hospital, LLC,
Abilene Merger, LLC,
Affinity Health Systems, LLC,
Affinity Hospital, LLC,
Berwick Hospital Company, LLC,
Biloxi H.M.A., LLC,
Birmingham Holdings II, LLC,
Birmingham Holdings, LLC,
Bluefield Holdings, LLC,
Bluefield Hospital Company, LLC,
Bluffton Health System LLC,
Brandon HMA, LLC,
Brownwood Medical Center, LLC,
Bullhead City Hospital Corporation,
Bullhead City Hospital Investment Corporation,
Campbell County HMA, LLC,
Carlsbad Medical Center, LLC,
Carolinas Holdings, LLC,
Carolinas JV Holdings General, LLC,
Central Florida HMA Holdings, LLC,
Central States HMA Holdings, LLC,
Chester HMA, LLC,
Chestnut Hill Health System, LLC,
CHHS Holdings, LLC,
CHHS Hospital Company, LLC,
CHS Pennsylvania Holdings, LLC,
CHS Receivables Funding, LLC
CHS Tennessee Holdings, LLC,
CHS Virginia Holdings, LLC,
Citrus HMA, LLC,
Clarksville Holdings II, LLC,
Clarksville Holdings, LLC,
Cleveland Hospital Company, LLC,
Cleveland Tennessee Hospital Company, LLC,
Clinton HMA, LLC,
Coatesville Hospital Corporation,
Cocke County HMA, LLC,
College Station Medical Center, LLC,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

College Station Merger, LLC,
Community Health Investment Company, LLC,
CP Hospital GP, LLC,
CPLP, LLC,
Crestwood Hospital LP, LLC,
Crestwood Hospital, LLC,
CSMC, LLC,
Deaconess Holdings, LLC,
Deaconess Hospital Holdings, LLC,
Desert Hospital Holdings, LLC,
Detar Hospital, LLC,
DHFW Holdings, LLC,
Dukes Health System, LLC,
Dyersburg Hospital Company, LLC,
Emporia Hospital Corporation,
Florida HMA Holdings, LLC,
Foley Hospital Corporation,
Fort Smith HMA, LLC,
Frankfort Health Partner, Inc.,
Franklin Hospital Corporation,
Gadsden Regional Medical Center, LLC,
Gaffney H.M.A., LLC,
Granbury Hospital Corporation,
GRMC Holdings, LLC,
Hallmark Healthcare Company, LLC,
Health Management Associates, LLC,
Health Management General Partner I, LLC,
Health Management General Partner, LLC,
HMA Fentress County General Hospital, LLC,
HMA Santa Rosa Medical Center, LLC,
HMA Services GP, LLC,
HMA-TRI Holdings, LLC,
Hobbs Medco, LLC,
Hospital Management Associates, LLC,
Hospital of Morristown, LLC,
Jackson HMA, LLC,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Jackson Hospital Corporation,
Jefferson County HMA, LLC,
Kay County Hospital Corporation,
Kay County Oklahoma Hospital Company, LLC,
Kennett HMA, LLC,
Key West HMA, LLC,
Kirksville Hospital Company, LLC,
Knoxville HMA Holdings, LLC,
Lakeway Hospital Company, LLC,
Lancaster Hospital Corporation,
Las Cruces Medical Center, LLC,
Lea Regional Hospital, LLC,
Lebanon HMA, LLC,
Longview Clinic Operations Company, LLC,
Longview Merger, LLC,
LRH, LLC,
Lutheran Health Network of Indiana, LLC,
Madison HMA, LLC,
Marshall County HMA, LLC,
Martin Hospital Company, LLC,
Mary Black Health System, LLC,
MCSA, L.L.C.,
Medical Center of Brownwood, LLC,
Metro Knoxville HMA, LLC,
Mississippi HMA Holdings I, LLC,
Mississippi HMA Holdings II, LLC,
Moberly Hospital Company, LLC,
Naples HMA, LLC,
Natchez Hospital Company, LLC,
National Healthcare of Leesville, Inc.,
Navarro Regional, LLC,
NC-DSH, LLC,
Northwest Arkansas Hospitals, LLC,
Northwest Hospital, LLC,
NOV Holdings, LLC,
NRH, LLC,
Oak Hill Hospital Corporation,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Oro Valley Hospital, LLC,
Palmer-Wasilla Health System, LLC,
Pasco Regional Medical Center, LLC
Pennsylvania Hospital Company, LLC,
Phoenixville Hospital Company, LLC,
Poplar Bluff Regional Medical Center, LLC,
Port Charlotte HMA, LLC
Pottstown Hospital Company, LLC,
Punta Gorda HMA, LLC,
QHG Georgia Holdings II, LLC
QHG Georgia Holdings, Inc.
QHG of Bluffton Company, LLC,
QHG of Clinton County, Inc.,
QHG of Enterprise, Inc.,
QHG of Forrest County, Inc.,
QHG of Fort Wayne Company, LLC,
QHG of Hattiesburg, Inc.,
QHG of South Carolina, Inc.
QHG of Spartanburg, Inc.,
QHG of Springdale, Inc.,
Regional Hospital of Longview, LLC
River Oaks Hospital, LLC,
River Region Medical Corporation,
ROH, LLC,
Roswell Hospital Corporation,
Ruston Hospital Corporation
Ruston Louisiana Hospital Company, LLC,
SACMC, LLC,
Salem Hospital Corporation,
San Angelo Community Medical Center, LLC,
San Angelo Medical, LLC,
Scranton Holdings, LLC,
Scranton Hospital Company, LLC,
Scranton Quincy Holdings, LLC,
Scranton Quincy Hospital Company, LLC,
Seminole HMA, LLC,
Shelbyville Hospital Company, LLC,
Siloam Springs Arkansas Hospital Company, LLC
Siloam Springs Holdings, LLC,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Southeast HMA Holdings, LLC,
Southern Texas Medical Center, LLC
Southwest Florida HMA Holdings, LLC,
Statesville HMA, LLC,
Tennyson Holdings, LLC,
Tomball Texas Holdings, LLC,
Tomball Texas Hospital Company, LLC,
Triad Healthcare, LLC,
Triad Holdings III, LLC,
Triad Holdings IV, LLC,
Triad Holdings V, LLC,
Triad Nevada Holdings, LLC,
Triad of Alabama, LLC,
Triad-ARMC, LLC,
Triad-El Dorado, Inc.,
Triad-Navarro Regional Hospital Subsidiary, LLC,
Tullahoma HMA, LLC,
Tunkhannock Hospital Company, LLC,
Van Buren H.M.A., LLC,
Venice HMA, LLC,
VHC Medical, LLC,
Vicksburg Healthcare, LLC,
Victoria Hospital, LLC,
Virginia Hospital Company, LLC,
Weatherford Hospital Corporation,
Weatherford Texas Hospital Company, LLC,
Webb Hospital Corporation,
Webb Hospital Holdings, LLC,
Wesley Health System LLC,
WHMC, LLC,
Wilkes-Barre Behavioral Hospital Company, LLC
Wilkes-Barre Holdings, LLC,
Wilkes-Barre Hospital Company, LLC
Woodland Heights Medical Center, LLC,
Woodward Health System, LLC
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

**BROWNWOOD HOSPITAL, L.P.**

By: Brownwood Medical Center, LLC
Its: General Partner

**CAROLINAS JV HOLDINGS, L.P.**

By: Carolinas JV Holdings General, LLC
Its: General Partner

**COLLEGE STATION HOSPITAL, L.P.**

By: College Station Medical Center, LLC
Its: General Partner

**CRESTWOOD HEALTHCARE, L.P.**

By: Crestwood Hospital, LLC
Its: General Partner

**HEALTH MANAGEMENT ASSOCIATES, LP**

By: Health Management General Partner, LLC
Its: General Partner

**HMA HOSPITALS HOLDINGS, LP**

By: Health Management General Partner, LLC
Its: General Partner

**HOSPITAL MANAGEMENT SERVICES OF FLORIDA, LP**

By: HMA Services GP, LLC, its general partner
Its: General Partner

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Acting on behalf of each of the General Partners of the Guarantors set forth on this page.

**LAREDO TEXAS HOSPITAL COMPANY, L.P.**

By: Webb Hospital Corporation, its general partner
Its: General Partner

**LONGVIEW MEDICAL CENTER, L.P.**

By: Regional Hospital of Longview, LLC
Its: General Partner

**NAVARRO HOSPITAL, L.P.**

By: Navarro Regional, LLC
Its: General Partner

**QHG GEORGIA, LP**

By: QHG Georgia Holdings II, LLC
Its: General Partner

**TENNESSEE HMA HOLDINGS, LP**

By: Health Management General Partner I, LLC, its general partner
Its: General Partner

**VICTORIA OF TEXAS, L.P.**

By: Detar Hospital, LLC
Its: General Partner

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Acting on behalf of each of the General Partners of the Guarantors set forth on this page.

SCHEDULE I
to the ABL Intercreditor Agreement

Provision for Certain Credit Agreements and Indentures:

"Reference is made to the ABL Intercreditor Agreement dated as of April 3, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "ABL Intercreditor Agreement"), among JPMorgan Chase Bank, N.A., as ABL Agent (as defined therein), Credit Suisse AG, as Senior-Priority Collateral Agent Agent (as defined therein), Credit Suisse AG, as Senior-Priority Non-ABL Loan Agent (as defined therein), Regions Bank, as 2021 Secured Notes Trustee, (as defined therein), Regions Bank, as 2023 Secured Notes Trustee (as defined therein), CHS/Community Health Systems, Inc., Community Health Systems, Inc. and each other party from time to time party thereto. Each [Lender][Holder] hereunder (a) acknowledges that it has received a copy of the ABL Intercreditor Agreement, (b) consents to the subordination of Liens provided for in the ABL Intercreditor Agreement, (c) agrees that it will be bound by and will take no actions contrary to the provisions of the ABL Intercreditor Agreement and (d) authorizes and instructs the [Administrative/Collateral Agent][Trustee] to enter into the ABL Intercreditor Agreement as [Administrative/Collateral Agent][Trustee] and on behalf of such [Lender][Holder]. The foregoing provisions are intended as an inducement to the lenders under the ABL Credit Agreement to permit the incurrence of Indebtedness under this Agreement and to extend credit to the Borrower and such [Lenders][Holders] are intended third party beneficiaries of such provisions."

Provision for Certain Security Documents:

"Reference is made to the ABL Intercreditor Agreement dated as of April 3, 2018, (as amended, restated, supplemented or otherwise modified from time to time, the "ABL Intercreditor Agreement"), among JPMorgan Chase Bank, N.A., as ABL Agent (as defined therein), Credit Suisse AG, as Senior-Priority Collateral Agent Agent (as defined therein), Credit Suisse AG, as Senior-Priority Non-ABL Loan Agent (as defined therein), Regions Bank, as 2021 Secured Notes Trustee, (as defined therein), Regions Bank, as 2023 Secured Notes Trustee (as defined therein), CHS/Community Health Systems, Inc., Community Health Systems, Inc. and each other party from time to time party thereto. Notwithstanding anything herein to the contrary, the lien and security interest granted to the [Collateral Agent] [Administrative Agent], for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the [Collateral Agent] [Administrative Agent] and the other Secured Parties are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement, the provisions of the ABL Intercreditor Agreement shall control."

EXHIBIT A
to the ABL Intercreditor Agreement

**[FORM OF]**
**ABL INTERCREDITOR AGREEMENT JOINDER**

Reference is made to the ABL Intercreditor Agreement dated as of April 3, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among JPMorgan Chase Bank, N.A., as ABL Agent, Credit Suisse AG, as Senior-Priority Collateral Agent, Credit Suisse AG, as Senior-Priority Non-ABL Loan Agent, Regions Bank, as 2021 Secured Notes Trustee, Regions Bank, as 2023 Secured Notes Trustee, CHS/Community Health Systems, Inc., a Delaware corporation, Community Health Systems, Inc. a Delaware corporation, each subsidiary of CHS/Community Health Systems, Inc. from time to time party thereto and each Additional Agent from time to time party thereto. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

This ABL Intercreditor Agreement Joinder, dated as of [●] [●], 20[●] (this "Joinder"), is being delivered pursuant to requirements of the Intercreditor Agreement.

1. Joinder. The undersigned, [●], [as a Grantor][1][as an [[Additional Agent, on behalf of itself and the applicable ABL Secured Parties][Additional Agent, on behalf of itself and the applicable Term Loan/Notes Secured Parties][2], by executing this Joinder, shall become party to the Intercreditor Agreement as [a Grantor][an ABL Secured Party][a Term Loan/Notes Secured Party] thereunder for all purposes thereof on the terms set forth therein, and hereby agrees to be bound by the terms, conditions and provisions of the Intercreditor Agreement as fully as if the undersigned had executed and delivered the Intercreditor Agreement as of the date thereof.

2. Agreements. The undersigned [Grantor][ABL Secured Party][Term Loan/Notes Secured Party] hereby agrees, for the enforceable benefit of all existing and future ABL Secured Parties and all existing and future Term Loan/Notes Secured Parties that the undersigned is [(and the [ABL Secured Parties][Term Loan/Notes Secured Parties] represented by it are)][3] bound by the terms, conditions and provisions of the Intercreditor Agreement to the extent set forth therein.

3. Notice Information. The address of the undersigned [Grantor][ABL Secured Party][Term Loan/Notes Secured Party] for purposes of all notices and other communications hereunder and under the Intercreditor Agreement is [●], Attention of [●] (Facsimile No. [●][, electronic mail address: [●]]).

4. Counterparts. This Joinder may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature

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1 Include if signing as Grantor.

2 Include if signing as an Additional Agent pursuant to Section 9.3 of the Intercreditor Agreement.

3 Include if signing as an Additional Agent and select appropriate secured party reference.

page to this Joinder by facsimile transmission or electronic transmission shall be effective as delivery of a manually signed counterpart of this Joinder.

5. Governing Law. THIS JOINDER AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

6. Loan Document. This Joinder shall constitute a Loan Document, under and as defined in, each of the ABL Credit Agreement and the Senior-Priority Non-ABL Loan Agreement.

7. Miscellaneous. The provisions of Section 9 of the Intercreditor Agreement will apply with like effect to this Joinder.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the undersigned has caused this Intercreditor Agreement Joinder to be duly executed by its authorized representative, and the ABL Agent and each Term Loan/Notes Agent has caused the same to be accepted by its authorized representative, as of the day and year first above written.

[NAME OF GRANTOR/ADDITIONAL SECURED PARTY],
as [_____]

By: _____
Name:
Title:

Acknowledged and Agreed to by:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Senior-Priority Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Address:

Facsimile:

Acknowledged and Agreed to by:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Senior-Priority Non-ABL Loan Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Address:

Facsimile:

Acknowledged and Agreed to by:

REGIONS BANK, as 2021 Secured Notes Trustee

By: _____
Name:
Title:

Address:

Facsimile:

Acknowledged and Agreed to by:

REGIONS BANK, as 2023 Secured Notes Trustee

By: _____
Name:
Title:

Address:

Facsimile:

Acknowledged and Agreed to by:

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

By: _____
Name:
Title:

Address:

Facsimile:

**Exhibit 10.4**

GUARANTEE AND COLLATERAL AGREEMENT

dated as of

April 3, 2018

among

CHS/COMMUNITY HEALTH SYSTEMS, INC.,

COMMUNITY HEALTH SYSTEMS, INC.,

the Subsidiaries of the Borrower

from time to time party hereto

and

JPMORGAN CHASE BANK, N.A.,

as Collateral Agent

**Reference is made to the ABL Intercreditor Agreement dated as of April 3, 2018, (as amended, restated, supplemented or otherwise modified from time to time, the "ABL Intercreditor Agreement"), among JPMorgan Chase Bank, N.A., as ABL Agent (as defined therein), Credit Suisse AG, as Senior-Priority Collateral Agent Agent (as defined therein), Credit Suisse AG, as Senior-Priority Non-ABL Loan Agent (as defined therein), Regions Bank, as 2021 Secured Notes Trustee, (as defined therein), Regions Bank, as 2023 Secured Notes Trustee (as defined therein), CHS/Community Health Systems, Inc., Community Health Systems, Inc. and each other party from time to time party thereto. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement, the provisions of the ABL Intercreditor Agreement shall control.**

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[CS&M Ref. No. 6702-231]

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GUARANTEE AND COLLATERAL AGREEMENT dated as of April 3, 2018 (this "***Agreement***"), among CHS/COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation (the "***Borrower***"), COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation ("***Parent***"), the Subsidiaries from time to time party hereto and JPMORGAN CHASE BANK, N.A. ("***JPMorgan***"), as collateral agent (in such capacity, the "***Collateral Agent***").

PRELIMINARY STATEMENT

Reference is made to (a) the ABL Credit Agreement dated as of April 3, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among the Borrower, Parent, the lenders from time to time party thereto (each, a "***Lender***" and collectively, the "***Lenders***") and JPMorgan, as administrative agent (in such capacity, the "***Administrative Agent***") and Collateral Agent, and (b) the ABL Intercreditor Agreement (such term and each other capitalized term used but not defined in this preliminary statement having the meaning given or ascribed to it in Article I or the Credit Agreement, as the case may be).

The Lenders and the Issuing Banks have agreed to extend credit to the Borrower pursuant to, and upon the terms and conditions specified in, the Credit Agreement. The obligations of the Lenders and the Issuing Banks to extend credit to the Borrower are conditioned upon, among other things, the execution and delivery of this Agreement by the Borrower and each Grantor.

Concurrent with the execution and delivery of this Agreement, the Borrower and/or one or more of the Guarantors will enter into the ABL Intercreditor Agreement. Following execution and delivery of the ABL Intercreditor Agreement, this Agreement shall be subject to the ABL Intercreditor Agreement.

Each Guarantor is an Affiliate of the Borrower, will derive substantial benefits from the extension of credit to the Borrower pursuant to the Credit Agreement and is willing to execute and deliver this Agreement in order to induce the Lenders and the Issuing Banks to extend such credit. Accordingly, the parties hereto agree as follows:

ARTICLE I

***Definitions***

SECTION 1.01. ***Credit Agreement.*** (a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings set forth in the Credit Agreement. All capitalized terms defined in the New York UCC (as such term is defined herein) and not defined in this Agreement have the meanings specified therein. All references to the Uniform Commercial Code shall mean the New York UCC; *provided* that if, by reason of mandatory provisions of law, the perfection, the effect of perfection or non-perfection or priority of a security interest is governed by the personal property

security laws of any jurisdiction other than New York, "UCC" shall mean those personal property security laws as in effect in such other jurisdiction for the purposes of the provisions hereof relating to such perfection or priority and for the definitions related to such provisions.

(b) The rules of construction specified in Section 1.02 of the Credit Agreement also apply to this Agreement.

SECTION 1.02. ***Other Defined Terms***. As used in this Agreement, the following terms have the meanings specified below:

"***Accounts Receivable***" shall mean all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"***Administrative Agent***" shall have the meaning assigned to such term in the preliminary statement.

"***Article 9 Collateral***" shall have the meaning assigned to such term in Section 4.01.

"***Borrower***" shall have the meaning assigned to such term in the preamble.

"***Collateral***" shall mean the Article 9 Collateral and the Pledged Collateral.

"***Collateral Agent***" shall have the meaning assigned to such term in the preamble.

"***Copyright License***" shall mean any written agreement, now or hereafter in effect, granting any right to any third person under any registered copyright now or hereafter owned by any Grantor or that such Grantor otherwise has the right to license, or granting any right to any Grantor under any registered copyright now or hereafter owned by any third person, and all rights of such Grantor under any such agreement.

"***Copyrights***" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all registered copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office (or any successor office or any similar office in any other country), including those registered and pending copyrights listed on Schedule VI.

"***Discharge of Term Loan/Notes Obligations***" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"***Event of Default***" shall mean any Event of Default under and as defined in the Credit Agreement; *provided* that any notice, lapse of time or other condition precedent to the occurrence of such Event of Default shall have been satisfied.

"***Excluded Accounts***" shall mean (a) deposit accounts of any Grantor holding cash or Cash Equivalents the balance in which does not at any time exceed $2,500,000 individually and $10,000,000 in the aggregate for all such accounts held by all Grantors, (b) deposit accounts of any Grantor which are used exclusively for the payment of payroll, payroll taxes, employee benefits or escrow deposits or to maintain client postage advances or similar functions and (c) deposit accounts of any Grantor holding amounts in trust or on behalf of others, including those held for the benefit of employees, officers, directors or taxing authorities, in each case of clauses (a) through (c) above, other than any deposit account into which any payments or remittances with respect to any Accounts of any Loan Party or Originating Subsidiary are directed.

"***Federal Securities Laws***" shall have the meaning assigned to such term in Section 5.04.

"***General Intangibles***" shall mean all (a) General Intangibles (as defined in the New York UCC) and (b) choses in action and causes of action and all other intangible personal property of any Grantor of every kind and nature (other than Accounts) now owned or hereafter acquired by any Grantor, including all rights and interests in partnerships, limited partnerships, limited liability companies and other unincorporated entities, corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Hedging Agreements and other agreements), Intellectual Property, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts or Payment Intangibles.

"***Grantors***" shall mean the Borrower and the Guarantors.

"***Guarantors***" shall mean Parent and the Subsidiary Guarantors.

"***Intellectual Property***" shall mean all intellectual property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation and registrations, and all additions and improvements to any of the foregoing.

"***License***" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense agreement relating to Intellectual Property to which any Grantor is a party, including those listed on Schedule VI.

"***New York UCC***" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York.

"***Obligations***" shall mean (a) the due and punctual payment of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral, and (iii) all other monetary obligations of the Borrower to any of the Secured Parties under the Credit Agreement and each of the other Loan Documents, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual performance of all other obligations of the Borrower under or pursuant to the Credit Agreement and each of the other Loan Documents, and (c) the due and punctual payment and performance of all the obligations of each other Loan Party under or pursuant to this Agreement and each of the other Loan Documents.

"***Parent***" shall have the meaning assigned to such term in the preamble.

"***Patent License***" shall mean any written agreement, now or hereafter in effect, granting to any third person any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third person, is in existence, and all rights of any Grantor under any such agreement.

"***Patents***" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or the equivalent thereof in any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office (or any successor or any similar offices in any other country), including those listed on Schedule VI, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to exclude others from making, using and/or selling the inventions disclosed or claimed therein.

"***Pledged Collateral***" shall have the meaning assigned to such term in Section 3.01.

"***Pledged Debt Securities***" shall have the meaning assigned to such term in Section 3.01.

"***Pledged Securities***" shall mean any promissory notes, stock certificates or other securities now or hereafter included in the Pledged Collateral, including all

certificates, instruments or other documents representing or evidencing any Pledged Collateral.

"***Pledged Stock***" shall have the meaning assigned to such term in Section 3.01.

"***Secured Parties***" shall mean (a) the Administrative Agent, (b) the Collateral Agent, (c) any Issuing Bank, (d) the Lenders, (e) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document and (f) the successors and permitted assigns of each of the foregoing.

"***Security Interest***" shall have the meaning assigned to such term in Section 4.01.

"***Subsidiary Guarantors***" shall mean (a) the Subsidiaries identified on Schedule II hereto as Subsidiary Guarantors and (b) each other Subsidiary that becomes a party to this Agreement as a Subsidiary Guarantor after the Closing Date.

"***Trademark License***" shall mean any written agreement, now or hereafter in effect, granting to any third person any right to use any trademark now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, or granting to any Grantor any right to use any trademark now or hereafter owned by any third person, and all rights of any Grantor under any such agreement.

"***Trademarks***" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all registered trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and applications for registration (other than intent-to-use applications) in the United States Patent and Trademark Office (or any successor office) or any similar offices in any State of the United States, and all extensions or renewals thereof, including those listed on Schedule VI, and (b) all goodwill associated therewith or symbolized thereby.

"***Unfunded Advances/Participations***" shall mean (a) with respect to the Administrative Agent, the aggregate amount, if any (i) made available to the Borrower on the assumption that each Lender has made its portion of the applicable Borrowing available to the Administrative Agent as contemplated by Section 2.02(d) of the Credit Agreement and (ii) with respect to which a corresponding amount shall not in fact have been returned to the Administrative Agent by the Borrower or made available to the Administrative Agent by any such Lender and (b) with respect to any Issuing Bank, the aggregate amount, if any, of participations in respect of any outstanding L/C Disbursement that shall not have been funded by the Lenders in accordance with Sections 2.23(d) and 2.02(f) of the Credit Agreement.

ARTICLE II

***Guarantee***

SECTION 2.01. ***Guarantee.*** Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Obligations. Each Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation, and hereby waives any provision of applicable law to the contrary that may be waived by such Guarantor. Each Guarantor waives presentment to, demand of payment from and protest to the Borrower or any other Loan Party of any Obligation, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment.

SECTION 2.02. ***Guarantee of Payment.*** Each Guarantor further agrees that its guarantee hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy, insolvency, receivership or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any security held for the payment of the Obligations or credit on the books of the Collateral Agent or any other Secured Party in favor of the Borrower or any other person. Each Guarantor agrees that its guarantee hereunder is continuing in nature as to the Obligations and applies to all Obligations, whether currently existing or hereafter incurred.

SECTION 2.03. ***No Limitations, Etc.*** (a) Except for termination of a Guarantor's obligations hereunder as expressly provided in Section 7.15, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by (i) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to enforce any right or remedy under the provisions of any Loan Document or otherwise, (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document or any other agreement, including with respect to any other Guarantor under this Agreement, (iii) the release of, or any impairment of or failure to perfect any Lien on or security interest in, any security held by the Collateral Agent or any other Secured Party for the Obligations or any of them, (iv) any default, failure or delay, wilful or otherwise, in the performance of the Obligations or (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations (other than unasserted contingent indemnity obligations)). To the fullest extent permitted by applicable law,

each Guarantor expressly authorizes the Collateral Agent to take and hold security for the payment and performance of the Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in its sole discretion or to release or substitute any one or more other guarantors or obligors upon or in respect of the Obligations, all without affecting the obligations of any Guarantor hereunder.

(b) To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of the Borrower or any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower or any other Loan Party, other than the payment in full in cash of all the Obligations. To the fullest extent permitted by applicable law, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other Loan Party or exercise any other right or remedy available to them against the Borrower or any other Loan Party, without adversely affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been paid in full in cash. To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Loan Party, as the case may be, or any security.

SECTION 2.04. ***Reinstatement.*** Each Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Collateral Agent or any other Secured Party upon the bankruptcy or reorganization of the Borrower, any other Loan Party or otherwise.

SECTION 2.05. ***Agreement To Pay; Subrogation.*** In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligation owed by such party when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will, promptly upon written notice thereof from the Collateral Agent, forthwith pay, or cause to be paid, to the Collateral Agent for distribution to the applicable Secured Parties in cash the amount of such unpaid Obligation. Upon payment by any Guarantor of any sums to the Collateral Agent as provided above, all rights of such Guarantor against the Borrower or any other Guarantor arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subject to Article VI.

SECTION 2.06. ***Information.*** Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower’s and each other Loan Party’s

financial condition and assets and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that neither the Collateral Agent nor any other Secured Party will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

## ARTICLE III

### *Pledge of Securities*

SECTION 3.01. ***Pledge.*** As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby assigns and pledges to the Collateral Agent, its successors and permitted assigns, for the ratable benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and permitted assigns, for the ratable benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under (a)(i) the Equity Interests owned by such Grantor on the date hereof (including all such Equity Interests listed on Schedule III), (ii) any other Equity Interests obtained in the future by such Grantor and (iii) the certificates representing all such Equity Interests (all the foregoing collectively referred to herein as the "***Pledged Stock***"); *provided*, *however*, that the Pledged Stock shall not include (A) more than 65% of the outstanding voting Equity Interests in any Foreign Subsidiary, (B) any Equity Interest in any Non-Significant Subsidiary, (C) any Equity Interest in any Permitted Syndication Subsidiary or any Permitted Joint Venture Subsidiary to the extent the pledge of the Equity Interest in such Subsidiary is prohibited by any applicable Contractual Obligation or requirement of law, or (D) any minority Equity Interests, (b)(i) the debt securities held by such Grantor on the date hereof (including all such debt securities listed opposite the name of such Grantor on Schedule III), (ii) any debt securities in the future issued to such Grantor and (iii) the promissory notes and any other instruments evidencing such debt securities (excluding any promissory notes issued by employees of any Grantor) (all the foregoing collectively referred to herein as the "***Pledged Debt Securities***"), (c) all other property that may be delivered to and held by the Collateral Agent (or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee) pursuant to the terms of this Section 3.01, (d) subject to Section 3.06, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the securities referred to in clauses (a) and (b) above, (e) subject to Section 3.06, all rights and privileges of such Grantor with respect to the securities and other property referred to in clauses (a), (b), (c) and (d) above, and (f) all Proceeds of any of the foregoing (the items referred to in clauses (a) through (f) above being collectively referred to as the "***Pledged Collateral***").

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and permitted assigns, for the ratable benefit of the

Secured Parties, forever; *subject*, *however*, to the terms, covenants and conditions hereinafter set forth.

SECTION 3.02. ***Delivery of the Pledged Collateral.*** (a) Each Grantor agrees promptly to deliver or cause to be delivered to the Collateral Agent (or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee) any and all certificates, promissory notes, instruments or other documents representing or evidencing Pledged Securities (other than Pledged Debt Securities with a face amount less than $1,000,000).

(b) Each Grantor agrees promptly to deliver or cause to be delivered to the Collateral Agent any and all Pledged Debt Securities with a face amount in excess of $1,000,000.

(c) Upon delivery to the Collateral Agent (or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee), (i) any certificate, instrument or document representing or evidencing Pledged Securities shall be accompanied by undated stock or note powers, as applicable, duly executed in blank or other undated instruments of transfer satisfactory to the Collateral Agent and duly executed in blank and by such other instruments and documents as the Collateral Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral shall be accompanied by proper instruments of assignment duly executed by the applicable Grantor and such other instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the applicable securities, which schedule shall be attached hereto as Schedule III and made a part hereof; *provided* that failure to attach any such schedule hereto shall not affect the validity of the pledge of such Pledged Securities. Each schedule so delivered shall supplement any prior schedules so delivered.

(d) In accordance with the terms of the ABL Intercreditor Agreement, all Pledged Collateral delivered to the Collateral Agent shall be held by the Collateral Agent as gratuitous bailee for the secured parties under the Term Loan Credit Agreement solely for the purpose of perfecting the security interest therein granted under the Term Loan Guarantee and Collateral Agreement.

(e) Prior to the Discharge of Term Loan/Notes Obligations, to the extent any Grantor is required hereunder to deliver Collateral to the Collateral Agent for purposes of possession or control and is unable to do so as a result of having previously delivered such Collateral to the Term Loan Collateral Agent in accordance with the terms of the Term Loan Guarantee and Collateral Agreement and the ABL Intercreditor Agreement, such Grantor’s obligations hereunder with respect to such delivery shall be deemed satisfied by the delivery to the Term Loan Collateral Agent, acting as a gratuitous bailee for the Secured Parties.

SECTION 3.03. ***Representations, Warranties and Covenants.*** The Grantors jointly and severally represent, warrant and covenant to and with the Collateral Agent, for the benefit of the Secured Parties, that:

(a) As of the Closing Date, Schedule III correctly sets forth the percentage of the issued and outstanding shares of each class of the Equity Interests of the issuer thereof represented by such Pledged Stock and includes all Equity Interests, debt securities and promissory notes required to be pledged hereunder (to the extent not waived or extended in accordance with the terms of the Credit Agreement);

(b) as of the Closing Date, Schedule IV correctly sets forth all promissory notes and other evidence of indebtedness required to be pledged hereunder including all intercompany notes between Parent and any subsidiary of Parent and any subsidiary of Parent and any other such subsidiary;

(c) the Pledged Stock and Pledged Debt Securities have been duly and validly authorized and issued by the issuers thereof and (i) in the case of Pledged Stock, are fully paid and nonassessable and (ii) in the case of Pledged Debt Securities, are legal, valid and binding obligations of the issuers thereof;

(d) except for the security interests granted hereunder (or otherwise permitted under the Credit Agreement or the other Loan Documents), each Grantor (i) is and, subject to any transfers made in compliance with the Credit Agreement, will continue to be the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedule III as owned by such Grantor, (ii) holds the same free and clear of all Liens other than Liens permitted by Section 6.02 of the Credit Agreement, and (iii) will not create or permit to exist any security interest in or other Lien on, the Pledged Collateral, other than any security interests and Liens that are made in compliance with the Credit Agreement or the other Loan Documents;

(e) except for restrictions and limitations imposed by the Loan Documents or securities or other laws generally, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter or by-law provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder other than Liens permitted by Section 6.02 of the Credit Agreement;

(f) each Grantor (i) has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated and (ii) will defend its title or interest thereto or therein against any and all Liens (other than any Lien created or permitted by the Loan Documents), however arising, of all persons whomsoever;

(g) no material consent or approval of any Governmental Authority or, any securities exchange was or is necessary to the validity of the pledge effected hereby (other than such as have been obtained and are in full force and effect);

(h) by virtue of the execution and delivery by each Grantor of this Agreement and subject to the Lien priorities set forth in the ABL Intercreditor Agreement, when any Pledged Securities are delivered to the Collateral Agent in accordance with this Agreement (or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee), the Collateral Agent will obtain a legal, valid and perfected first priority lien upon and security interest in such Pledged Securities as security for the payment and performance of the Obligations; and

(i) the pledge effected hereby is effective to vest in the Collateral Agent, for the ratable benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein and in the ABL Intercreditor Agreement.

SECTION 3.04. ***Certification of Limited Liability Company Interests and Limited Partnership Interests.*** If any Pledged Collateral is not a security pursuant to Section 8-103 of the UCC, no Grantor shall take any action that, under such Section, converts such Pledged Collateral into a security without causing the issuer thereof to issue to it certificates or instruments evidencing such Pledged Collateral, which it shall promptly deliver to the Collateral Agent (or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee) as provided in Section 3.02.

SECTION 3.05. ***Registration in Nominee Name; Denominations.*** The Collateral Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion), upon the occurrence and during the continuance of an Event of Default, to hold the Pledged Securities in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the applicable Grantor, endorsed or assigned in blank or in favor of the Collateral Agent. Each Grantor will promptly give to the Collateral Agent copies of any material written notices or other material written communications received by it with respect to Pledged Securities in its capacity as the registered owner thereof. After the occurrence and during the continuance of an Event of Default, the Collateral Agent shall at all times have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

SECTION 3.06. ***Voting Rights; Dividends and Interest, Etc.*** (a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given the Grantors notice of its intent to exercise its rights under this Agreement (which notice shall be deemed to have been given immediately upon the occurrence of an Event of Default under paragraph (g) or (h) of Article VII of the Credit Agreement):

(i) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Loan Documents; *provided*, *however*, that such rights and powers shall not be exercised in any manner that could reasonably be expected to materially and adversely affect the rights inuring to a holder of any Pledged Securities or the rights and remedies of any of the Collateral Agent or the other Secured Parties under this Agreement, the Credit Agreement or any other Loan Document or the ability of the Secured Parties to exercise the same.

(ii) The Collateral Agent shall execute and deliver to each Grantor, or cause to be executed and delivered to each Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to paragraph (i) above.

(iii) Each Grantor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents, and applicable law; *provided*, *however*, that any noncash dividends, interest, principal or other distributions that would constitute Pledged Stock or Pledged Debt Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the ratable benefit of the Secured Parties and shall be forthwith delivered to the Collateral Agent (or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee) in the same form as so received (with any necessary endorsement or instrument of assignment). This paragraph (iii) shall not apply to dividends between or among the Borrower, the Guarantors and any Subsidiaries only of property subject to a perfected security interest under this Agreement.

(b) To the fullest extent permitted by applicable law, upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified (or shall be deemed to have notified pursuant to Section 3.06(a)) the Grantors of the suspension of their rights under paragraph (a)(iii) of this Section 3.06, then all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to paragraph (a)(iii) of this Section 3.06 shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the

sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to the provisions of this Section 3.06 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement or instrument of assignment). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 5.02. After all Events of Default have been cured or waived and each applicable Grantor has delivered to the Administrative Agent certificates to that effect, the Collateral Agent shall, promptly after all such Events of Default have been cured or waived, repay to each applicable Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 3.06 and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified (or shall be deemed to have notified pursuant to Section 3.06(a)) the Grantors of the suspension of their rights under paragraph (a)(i) of this Section 3.06, then all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 3.06, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 3.06, shall cease, and, subject to compliance with any applicable healthcare laws, all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; *provided* that, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights. After all Events of Default have been cured or waived and each applicable Grantor has delivered to the Administrative Agent a certificate to that effect, such voting and consensual rights shall automatically vest in the applicable Grantor, and the Collateral Agent shall (1) take such steps reasonably requested by the applicable Grantor, at such Grantor's expense, to allow all Pledged Securities registered under its name to be registered under the name of the applicable Grantor and (2) promptly repay to each applicable Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise have been permitted to retain pursuant to the terms of paragraph (a) of this Section 3.06 that were not applied to repay the Obligations.

(d) Any notice given by the Collateral Agent to the Grantors exercising its rights under paragraph (a) of this Section 3.06 (i) may be given by telephone if promptly confirmed in writing, (ii) may be given to one or more of the Grantors at the same or different times and (iii) may suspend the rights of the Grantors under paragraph (a)(i) or paragraph (a)(iii) in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the

Collateral Agent's rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE IV

***Security Interests in Personal Property***

SECTION 4.01. ***Security Interest.*** (a) As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby assigns and pledges to the Collateral Agent, its successors and permitted assigns, for the ratable benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and permitted assigns, for the ratable benefit of the Secured Parties, a security interest (the "***Security Interest***"), in all right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "***Article 9 Collateral***"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all cash, cash equivalents and Deposit Accounts;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles;

(vii) all Instruments;

(viii) all Inventory;

(ix) all Investment Property;

(x) all Letter-of-Credit Rights;

(xi) all Commercial Tort Claims;

(xii) all books and records pertaining to the Article 9 Collateral; and

(xiii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any person with respect to any of the foregoing.

Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a security interest in any (I) General Intangible, Instrument, license, property right, permit or any other contract or agreement to which a Grantor is a party or any of its rights or interests

thereunder if and for so long as the grant of such security interest shall constitute or result in (x) the abandonment, invalidation or unenforceability of any right, title or interest of the Grantor therein, (y) a violation of a valid and enforceable restriction in respect of such General Intangible, Instrument, license, property right, permit or any other contract or agreement or other such rights (1) in favor of a third party or (2) under any law, regulation, permit, order or decree of any Governmental Authority or (z) a breach or termination (or result in any party thereto having the right to terminate) pursuant to the terms of, or a default under, such General Intangible, Instrument, license, property right, permit or any other contract or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the New York UCC or any other applicable law or principles of equity); *provided, however*, that such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation, unenforceability or breach or termination, as the case may be, shall be remedied and, to the extent severable, shall attach immediately to any portion of such General Intangible, Instrument, license, property right, permit or any other contract or agreement that does not result in any of the consequences specified in the immediately preceding clause (x), (y) or (z) including, any proceeds of such General Intangible, Instrument, license, property rights, permit or any other contract or agreement; (II) more than 65% of the outstanding voting Equity Interests in any Foreign Subsidiary, (III) any Equity Interest in any Non-Significant Subsidiary, (IV) any Equity Interest in any Permitted Syndication Subsidiary or any Permitted Joint Venture Subsidiary to the extent the pledge of the Equity Interest in such Subsidiary is prohibited by any applicable Contractual Obligation or requirement of law, (V) any vehicle or other asset subject to certificate of title, (VI) any minority Equity Interests, (VIII) any assets with respect to which the Collateral Agent shall reasonably determine that the cost of creating and/or perfecting a security interest therein is excessive in relation to the benefit to the Secured Parties or that the granting or perfection of a security interest therein would violate applicable law or regulation and (VIII) any assets (other than any General Intangible, Instrument, license, property right, permit or any other contract or agreement) owned by any Grantor that are subject to a Lien permitted by Section 6.02(c) or (n) of the Credit Agreement, to the extent and for so long as such Lien exists and the terms of the Indebtedness or other obligations secured thereby prevent the grant of a security interest in such assets hereunder.

(b) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that (i) indicate the Article 9 Collateral as “all assets” of such Grantor or words of similar effect, and (ii) contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment, including (A) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor and (B) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Article 9 Collateral relates. Each Grantor agrees to provide such information to the Collateral Agent promptly upon request.

(c) The Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

(d) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

SECTION 4.02. ***Representations and Warranties.*** The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

(a) Each Grantor has good and valid rights in and marketable title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent, for the ratable benefit of the Secured Parties, the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval that has been obtained or any other consent where the failure to obtain such consent could not reasonably be expected to have a Material Adverse Effect.

(b) The Schedules attached hereto have been duly prepared and completed and the information set forth therein (including (x) the exact legal name of each Grantor in Schedule I and (y) the jurisdiction of organization of each Grantor in Schedule I) is true and correct in all material respects as of the Closing Date. Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Article 9 Collateral have been prepared by the Collateral Agent based upon the information provided to the Administrative Agent and the Secured Parties in the applicable Schedules attached hereto for filing in each governmental, municipal or other office specified in Schedule I (or specified by notice from the Borrower to the Administrative Agent after the Closing Date in the case of filings, recordings or registrations required by Sections 5.06 or 5.12 of the Credit Agreement), which are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in the Article 9 Collateral consisting of United States Patents, Trademarks, Copyrights and exclusive Copyright Licenses (to the extent that perfection can be achieved by such filings)) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable

law with respect to the filing of continuation statements. Each Grantor represents and warrants that a fully executed short form agreement in form and substance reasonably satisfactory to the Collateral Agent, and containing a description of all Article 9 Collateral consisting of pending and issued United States Patents and United States Trademarks and United States Copyrights will be delivered to the Collateral Agent as of or prior to the Closing Date for timely recording with the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. §261, 15 U.S.C. §1060 or 17 U.S.C. §205 and the regulations thereunder.

(c) As of the Closing Date, Schedule I correctly sets forth (i) the exact legal name of each Grantor, as such name appears in its respective certificate of formation; (ii) the jurisdiction of formation of each Grantor that is a registered organization; (iii) the Organizational Identification Number, if any, issued by the jurisdiction of formation of each Grantor that is a registered organization; (iv) the chief executive office of each Grantor; and (v) all locations where Grantor maintains any material books or records relating to any Accounts Receivables.

(d) As of the Closing Date, Schedule V correctly sets forth, with respect to each Mortgaged Property, (i) the exact name of the person that owns such property as such name appears in its certificate of formation or other organizational document; (ii) if different from the name identified pursuant to clause (i), the exact name of the current record owner of such property reflected in the records of the filing office for such property identified pursuant to the following clause (iii); and (iii) the filing office in which a mortgage with respect to such property must be filed or recorded in order for the Collateral Agent to obtain a perfected security interest therein.

(e) As of the Closing Date, Schedule VI correctly sets forth, in proper form for filing with (a) the United States Patent and Trademark Office a list of each issued and pending Patents and Trademarks, including, as applicable, the name of the registered owner and the registration number of each Patent and Trademark owned by any Grantor and (b) the United States Copyright Office a list of each Copyright, including the name of the registered owner and the registration number of each Copyright owned by any Grantor.

(f) The Security Interest constitutes (i) a legal and valid security interest in all Article 9 Collateral securing the payment and performance of the Obligations, (ii) subject to the qualifications and filings described in Section 4.02(b) (including payment of applicable fees in connection therewith), a perfected security interest in all Article 9 Collateral in which and to the extent a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions and (iii) a security interest that shall be perfected in all Article 9 Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement or a fully executed short form agreement with the United States Patent and Trademark Office and the United States Copyright Office, as applicable. The Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral, other than Liens expressly

permitted pursuant to Section 6.02 of the Credit Agreement or the other Loan Documents that have priority as a matter of law.

(g) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement or the other Loan Documents. No Grantor has filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Article 9 Collateral, (ii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Article 9 Collateral with the United States Patent and Trademark Office or the United States Copyright Office, (iii) any notice under the Assignment of Claims Act, or (iv) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement or the other Loan Documents. As of the Closing Date, no Grantor holds any Commercial Tort Claims in an amount in excess of $5,000,000 except as indicated on Schedule VII.

SECTION 4.03. ***Covenants.*** (a) Each Grantor agrees promptly to notify the Collateral Agent in writing of any change in (i) its legal name and/or address, (ii) its identity or type of organization or corporate structure, (iii) its Federal Taxpayer Identification Number or organizational identification number or (iv) its jurisdiction of organization. Each Grantor agrees promptly to provide the Collateral Agent with certified organizational documents reflecting any of the changes described in the first sentence of this paragraph. Each Grantor agrees not to effect or permit any change referred to in the first sentence of this paragraph unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Article 9 Collateral (with respect to priority, subject to the ABL Intercreditor Agreement). Each Grantor agrees promptly to notify the Collateral Agent if any material portion of the Article 9 Collateral owned or held by such Grantor is damaged or destroyed.

(b) Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records (in all material respects) with respect to the Article 9 Collateral owned by it as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, but in any event to include complete accounting records (in all material respects) indicating all material payments and proceeds received with respect to any part of the Article 9 Collateral.

(c) Each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.04(a) of the Credit Agreement, the Borrower shall deliver to the Collateral Agent a certificate executed by a Responsible Officer of the Borrower setting forth in the format of Schedule VI all Intellectual

Property of any Grantor in existence on the date thereof that, if it had existed on the Closing Date, would have been required to be listed in such Schedule, and not then listed on such Schedules or previously so identified to the Collateral Agent.

(d) Each Grantor shall, at its own expense, take any and all commercially reasonable actions necessary to defend title to the Article 9 Collateral against all persons and to defend the Security Interest of the Collateral Agent in the Article 9 Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

(e) Each Grantor agrees, at its own expense, promptly to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to obtain, preserve, protect and perfect (to the extent that perfection can be achieved under any applicable law by such filings and actions) the Security Interest and the rights and remedies created hereby, including the payment of any fees and Taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing or continuation statements (including fixture filings) or other documents in connection herewith or therewith; *provided* that no Grantor shall be required to enter into a control agreement with respect to any Excluded Account. If any amount payable to any Grantor under or in connection with any of the Article 9 Collateral shall be or become evidenced by any promissory note or other instrument with a face amount in excess of $1,000,000, such note or instrument shall be promptly pledged and delivered to the Collateral Agent, duly endorsed in a manner reasonably satisfactory to the Collateral Agent.

Without limiting the generality of the foregoing, each Grantor hereby authorizes the Collateral Agent, with prompt notice thereof to the Grantors, to supplement this Agreement by supplementing Schedule VI or adding additional schedules hereto to identify specifically any asset or item of a Grantor that may, in the Collateral Agent's reasonable judgment, constitute Copyrights, Licenses, Patents or Trademarks; *provided* that any Grantor shall have the right, exercisable within 30 days after it has been notified by the Collateral Agent of the specific identification of such Collateral, to advise the Collateral Agent in writing of any inaccuracy of the representations and warranties made by such Grantor hereunder with respect to such Collateral. Each Grantor agrees that it will use its commercially reasonable efforts to take such action as shall be necessary, and which the Collateral Agent may from time to time reasonably request, in order that all representations and warranties hereunder shall be true and correct in all material respects with respect to such Collateral within 45 days after the date it has been notified by the Collateral Agent of the specific identification of such Collateral and any such request.

(f) Without limiting the provisions of Section 5.07 of the Credit Agreement, the Collateral Agent and such persons as the Collateral Agent may designate shall have the right to inspect, subject to a reasonable prior notice to each Grantor, the Article 9 Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Article 9 Collateral is located, to

discuss the applicable Grantor's affairs with the officers of such Grantor and its independent accountants and to verify the existence, validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Article 9 Collateral, including, in the case of Accounts or other Article 9 Collateral in the possession of any third person, after the occurrence and during the continuance of an Event of Default, by contacting Account Debtors or the third person possessing such Article 9 Collateral for the purpose of making such a verification, subject in each case to the requirements of applicable law, including healthcare laws, data privacy and third party confidentiality obligations all at the expense of the Borrower; *provided* that, except as set forth in Section 5.07(b) of the Credit Agreement and excluding any such visits and inspections during the continuation of an Event of Default, only one such visit during any fiscal year shall be at the Borrower's expense. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party, subject in each case to the requirements of applicable law, including healthcare laws, data privacy and third party confidentiality obligations.

(g) At its option, upon the occurrence and during the continuation of a Default or an Event of Default, the Collateral Agent may with five Business Days', prior written notice to the relevant Grantor discharge past due Taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and not expressly permitted pursuant to Section 5.03 or Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent within five Business Days after written demand for any reasonable payment made or any reasonable expense incurred by the Collateral Agent pursuant to the foregoing authorization; *provided*, *however*, that nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to Taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

(h) If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other person valued in excess of $1,000,000 to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent for the ratable benefit of the Secured Parties. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other person granting the security interest.

(i) Except to the extent otherwise expressly agreed by the Collateral Agent, each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Article 9 Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold

harmless the Collateral Agent and the Secured Parties from and against any and all liability for such performance in accordance with Section 7.06 of this Agreement.

(j) No Grantor shall make or permit to be made an assignment, pledge or hypothecation of the Article 9 Collateral or shall grant any other Lien in respect of the Article 9 Collateral or permit any notice to be filed under the Assignment of Claims Act, except, in each case, as expressly permitted by Section 6.02 of the Credit Agreement. No Grantor shall make or permit to be made any transfer of the Article 9 Collateral, except as permitted by the Credit Agreement.

(k) No Grantor will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any Accounts included in the Article 9 Collateral, compromise, compound or settle the same for less than the full amount thereof (unless the aggregate amount of such compromised or settled Accounts in any fiscal year is not in excess of $5,000,000), release, wholly or partly, any person liable for the payment thereof (unless the aggregate amount of such compromised or settled Accounts in any fiscal year is not in excess of $5,000,000) or allow any credit or discount whatsoever thereon (unless the aggregate amount of such compromised or settled Accounts in any fiscal year is not in excess of $5,000,000), other than extensions, credits, discounts, compromises, compoundings or settlements in each case granted or made in the ordinary course of business.

(l) Each Grantor, at its own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Inventory and Equipment in accordance with the requirements set forth in Section 5.02 of the Credit Agreement. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, upon the occurrence and during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Article 9 Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto (*provided* that the Collateral Agent shall give five Business Days' prior written notice to such Grantor prior to exercising its rights in such capacity). In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or under the Credit Agreement or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of any Grantor hereunder or any Default or Event of Default, in its sole reasonable discretion, upon notice to the Grantors, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent reasonably deems advisable. All sums disbursed by the Collateral Agent in connection with this paragraph, including reasonable attorneys' fees, court costs, out-of-pocket expenses and other charges relating thereto, shall be payable, within five Business Days of written demand (accompanied by supporting documentation therefor in reasonable detail) by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

SECTION 4.04. ***Other Actions.*** In order to further insure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Security Interest in the Article 9 Collateral, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

(a) ***Instruments.*** If any Grantor shall at any time hold or acquire any Instruments (other than (x) any Instruments in an amount no greater than $1,000,000 and (y) any Instruments representing loans or advances permitted under Section 6.04(c) of the Credit Agreement, to the extent such Instruments represent Indebtedness excluded from the requirements of subclause (ii) of such Section), that have not been pledged hereunder, such Grantor shall forthwith endorse, assign and deliver the same to the Collateral Agent or, prior to the Discharge of Term Loan/Notes Obligations and with respect to Term Loan/Notes Priority Collateral, deliver the same to the Term Loan Collateral Agent, as gratuitous bailee, accompanied by such undated instruments of endorsement, transfer or assignment duly executed in blank as the Collateral Agent may from time to time reasonably request.

(b) ***Investment Property.*** Without limiting each Grantor's obligations under Article III, if any securities now or hereafter acquired by any Grantor are uncertificated and are issued to such Grantor or its nominee directly by the issuer thereof, such Grantor shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's request and option, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, or (ii) arrange for the Collateral Agent to become the registered owner of the securities.

(c) ***Electronic Chattel Paper and Transferable Records.*** If any Grantor at any time holds or acquires an interest in any material Electronic Chattel Paper or any material "*transferable record*", as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, such Grantor shall promptly notify the Collateral Agent thereof and, at the reasonable request of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent or, prior to the Discharge of Term Loan/Notes Obligations and with respect to the Term Loan/Notes Priority Collateral, to the Term Loan Collateral Agent, as gratuitous bailee, control under New York UCC Section 9-105 of such Electronic Chattel Paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Grantor to make alterations to the Electronic Chattel Paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the

Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such Electronic Chattel Paper or transferable record. Notwithstanding the foregoing, no Grantor shall be obligated to deliver to the Collateral Agent any Electronic Chattel Paper held by such Grantor with a face amount less than $1,000,000, *provided* that the aggregate face amount of the Electronic Chattel Paper so excluded pursuant to this sentence shall not exceed $10,000,000 at any time.

(d) ***Letter-of-Credit Rights.*** If any Grantor is at any time a beneficiary under a letter of credit with a face amount exceeding $2,000,000 now or hereafter issued in favor of such Grantor, such Grantor shall promptly notify the Collateral Agent thereof and, at the request and option of the Collateral Agent, such Grantor shall, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Collateral Agent of the proceeds of any drawing under the letter of credit or (ii) arrange for the Collateral Agent to become the transferee beneficiary of the letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be paid to the applicable Grantor unless an Event of Default has occurred or is continuing.

(e) ***Commercial Tort Claims.*** If any Grantor shall at any time hold or acquire a Commercial Tort Claim in an amount reasonably estimated to exceed $5,000,000, the Grantor shall promptly notify the Collateral Agent thereof in a writing signed by such Grantor including a summary description of such claim and grant to the Collateral Agent, for the ratable benefit of the Secured Parties, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent.

SECTION 4.05. ***Covenants Regarding Patent, Trademark and Copyright Collateral.*** In each case unless otherwise decided by such Grantor in its reasonable business judgment or such Collateral is not material to the business of such Grantor:

(a) Each Grantor agrees that it will not, and will not permit any of its licensees to, do any act, or omit to do any act, whereby any Patent that is material to the conduct of such Grantor’s business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number to the extent necessary and sufficient to establish and preserve its maximum rights under applicable patent laws, to the extent required by applicable law.

(b) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor’s business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable

law, to the extent required by applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(c) Each Grantor (either itself or through its licensees or sublicensees) will, for each work covered by a material Copyright or exclusive Copyright License, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice to the extent necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws, to the extent required by applicable law.

(d) Each Grantor shall notify the Collateral Agent promptly if it knows that any Patent, Trademark or Copyright material to the conduct of its business has or is likely to become abandoned, lost or dedicated to the public, or of any materially adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country) regarding such Grantor's ownership of any such Patent, Trademark, Copyright or exclusive Copyright License, its right to register the same, or its right to keep and maintain the same.

(e) If any Grantor, either itself or through any agent, employee, licensee or designee, files an application for any Patent, Trademark, Copyright or exclusive Copyright License (or for the registration of any Trademark, Copyright or exclusive Copyright License) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States, or otherwise acquires any such Patent, Trademark, Copyright or exclusive Copyright License (or any application with respect thereto), the Grantor shall so notify the Collateral Agent, and, upon request of the Collateral Agent, shall execute and deliver any and all agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence the Security Interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed.

(f) Each Grantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks, Copyrights or exclusive Copyright Licenses that is material to the conduct of any Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties.

(g) In the event that any Grantor knows or has reason to believe that any Article 9 Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third person, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions, if consistent with good business judgment, as are reasonably appropriate under the circumstances to protect such Article 9 Collateral.

(h) Upon the occurrence and during the continuance of an Event of Default, upon the reasonable request of the Collateral Agent, each Grantor shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License, and each other material License, to effect the assignment of all such Grantor's right, title and interest thereunder to the Collateral Agent, for the ratable benefit of the Secured Parties, or its designee.

## ARTICLE V

## ***Remedies***

SECTION 5.01. ***Remedies Upon Default.*** Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times: (a) with respect to any Article 9 Collateral consisting of Intellectual Property or Licenses, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Article 9 Collateral by the applicable Grantor to the Collateral Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any such Article 9 Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained), and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Article 9 Collateral and without liability for trespass to enter any premises where the Article 9 Collateral may be located for the purpose of taking possession of or removing the Article 9 Collateral and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the requirements of applicable law, including any applicable healthcare laws, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent

shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give each applicable Grantor 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-611 of the New York UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by applicable law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a

judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. To the fullest extent permitted under applicable law, any sale pursuant to the provisions of this Section 5.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the New York UCC or its equivalent in other jurisdictions.

SECTION 5.02. ***Application of Proceeds.*** Subject to the terms of the ABL Intercreditor Agreement, if an Event of Default shall have occurred and is continuing, the Collateral Agent shall apply the proceeds of any collection, sale, foreclosure or other realization upon any Collateral, including any Collateral consisting of cash, as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses incurred by the Administrative Agent or the Collateral Agent (in their respective capacities as such hereunder or under any other Loan Document, as applicable) in connection with such collection, sale, foreclosure or realization or otherwise in connection with this Agreement, any other Loan Document or any of the Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Administrative Agent and/or the Collateral Agent hereunder or under any other Loan Document on behalf of any Grantor and any other reasonable out-of-pocket costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document, as applicable;

SECOND, to the payment in full of Unfunded Advances/Participations (the amounts so applied to be distributed between or among the Administrative Agent and any Issuing Bank pro rata in accordance with the amounts of Unfunded Advances/Participations owed to them on the date of any such distribution);

THIRD, to pay accrued but unpaid interest on any Protective Advances;

FOURTH, to pay the principal of any Protective Advances;

FIFTH, to the payment in full of all other Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution);

SIXTH, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion (subject to the ABL Intercreditor Agreement) as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 5.03. ***Grant of License to Use Intellectual Property.*** For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantors), to use, license or sublicense any of the Article 9 Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, and shall be effective only upon the occurrence and during the continuation of an Event of Default; *provided*, *however*, that any license, sublicense or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon each Grantor notwithstanding any subsequent cure of an Event of Default.

SECTION 5.04. ***Securities Act, Etc.*** In view of the position of the Grantors in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the U.S. Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "***Federal Securities Laws***") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Grantor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable "blue sky" or other state securities laws or similar laws analogous in purpose or effect. Each Grantor recognizes that in light of such restrictions and limitations the Collateral Agent may, with respect to any sale of the Pledged Collateral, limit the purchasers to those who will agree, among other things, to acquire such Pledged Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion (a) to the fullest extent permitted by applicable Federal Securities Laws, may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral or part thereof shall have been filed under the Federal Securities Laws and (b) may approach and negotiate with a limited number of potential purchasers (including a single potential purchaser) to effect such sale. Each Grantor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as

aforesaid or if more than a limited number of purchasers (or a single purchaser) were approached. The provisions of this Section 5.04 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

ARTICLE VI

***Indemnity, Subrogation and Subordination***

SECTION 6.01. ***Indemnity and Subrogation.*** In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 6.03), the Borrower agrees that (a) in the event a payment shall be made by any Guarantor under this Agreement, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment and (b) in the event any assets of any Guarantor shall be sold pursuant to this Agreement or any other Security Document to satisfy in whole or in part a claim of any Secured Party, the Borrower shall indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

SECTION 6.02. ***Contribution and Subrogation.*** Each Guarantor (a "***Contributing Guarantor***") agrees (subject to Section 6.03) that, in the event a payment shall be made by any other Guarantor hereunder in respect of any Obligation, or assets of any other Guarantor shall be sold pursuant to any Security Document to satisfy any Obligation owed to any Secured Party, and such other Guarantor (the "***Claiming Guarantor***") shall not have been fully indemnified by the Borrower as provided in Section 6.01, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to (i) the amount of such payment or (ii) the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor on the Closing Date and the denominator shall be the aggregate net worth of all the Guarantors on the Closing Date (or, in the case of any Guarantor becoming a party hereto after the Closing Date, the date on which such party became a Guarantor hereunder). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 6.02 shall be subrogated to the rights of such Claiming Guarantor under Section 6.01 to the extent of such payment.

SECTION 6.03. ***Subordination.*** (a) Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors under Sections 6.01 and 6.02 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the payment in full in cash of the Obligations (other than contingent indemnification obligations for which no claim has been made). No failure on the part of the Borrower or any Guarantor to make the payments required by Sections 6.01 and 6.02 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of its obligations hereunder.

(b) The Borrower and each Guarantor hereby agree that all Indebtedness and other monetary obligations owed by it to the Borrower or any Subsidiary shall be fully subordinated to the payment in full in cash of the Obligations; *provided* that, as long as no Event of Default shall have occurred and be continuing, nothing in this Section 6.03(b) shall prohibit any payments or distributions permitted by the Credit Agreement.

## ARTICLE VII

## ***Miscellaneous***

SECTION 7.01. ***Notices.*** All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to any Subsidiary Guarantor shall be given to it in care of the Borrower as provided in Section 9.01 of the Credit Agreement.

SECTION 7.02. ***Security Interest Absolute.*** All rights of the Collateral Agent hereunder, the Security Interest, the grant of a security interest in the Pledged Collateral and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument relating to the foregoing, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or this Agreement.

SECTION 7.03. ***Survival of Agreement.*** All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders, the Issuing Banks and the other Secured Parties and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any Lender, any Issuing Bank or any other Secured Party or on their behalf and notwithstanding that the Collateral Agent, any Issuing Bank, any Lender or any other Secured Party may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan, or any fee or any other amount payable under any Loan Document is outstanding and unpaid or the aggregate L/C Exposure does not equal zero (except for outstanding Letters of Credit subject to arrangements satisfactory to the Administrative Agent and the applicable Issuing Bank) and so long as the Commitments have not expired or terminated.

SECTION 7.04. ***Binding Effect; Several Agreement.*** This Agreement shall become effective as to any Loan Party when a counterpart hereof executed on behalf of such Loan Party shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Loan Party and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such Loan Party, the Collateral Agent and the other Secured Parties and their respective successors and permitted assigns, except that no Loan Party shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated or permitted by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Loan Party and may be amended, modified, supplemented, waived or released with respect to any Loan Party without the approval of any other Loan Party and without affecting the obligations of any other Loan Party hereunder.

SECTION 7.05. ***Successors and Assigns.*** Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and permitted assigns of such party; and all covenants, promises and agreements by or on behalf of any Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and permitted assigns.

SECTION 7.06. ***Collateral Agent's Fees and Expenses; Indemnification.*** (a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its expenses incurred hereunder as provided in Section 9.05 of the Credit Agreement.

(b) Without limitation or duplication of its indemnification obligations under the other Loan Documents, each Grantor jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees against, and hold each Indemnitee harmless from, any and all actual losses, claims, damages, liabilities, penalties and related reasonable out of pocket expenses, including the reasonable fees, charges and disbursements of one counsel in each relevant jurisdiction (and any such additional counsel, if necessary, as a result of actual or potential conflicts of interest) for all Indemnitees, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of, the execution, delivery or performance of this Agreement or any agreement or instrument contemplated hereby or any claim, litigation, investigation or proceeding relating to any of the foregoing or to the Collateral, regardless of whether any Indemnitee is a party thereto or whether initiated by a third party or by a Loan Party or any Affiliate thereof; *provided*, *however*, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, penalties or related expenses are determined by a court of competent jurisdiction by final judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee. To the extent permitted by applicable law, neither any Grantor nor the Collateral Agent nor any Indemnitee shall assert, and each hereby waives any claim against any Indemnitee, any Grantor and the Collateral Agent, 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 or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of proceeds thereof.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 7.06 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 7.06 shall be payable within 30 days after written demand therefor and shall bear interest, on and from the date of demand, at the rate specified in Section 2.06(a) of the Credit Agreement.

SECTION 7.07. ***Collateral Agent Appointed Attorney-in-Fact.*** Each Grantor hereby appoints the Collateral Agent as the attorney-in-fact of such Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, with full power of substitution either in the Collateral Agent's name or in the name of such Grantor (*provided*, that to the extent written notice is not required hereunder, the Collateral Agent shall use commercially reasonable efforts to provide notice to such Grantor, though its rights hereunder are not conditioned thereon) (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof, (b) upon three Business Days' prior written notice to such Grantor, to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral, (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral, (d) upon three Business Days' prior written notice to such Grantor, to send verifications of Accounts Receivable to any Account Debtor, (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral, (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral, (g) upon three Business Days' prior written notice to such Grantor, to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent, and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement in accordance with its terms, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; *provided*, *however*, that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the

Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence, wilful misconduct or bad faith.

SECTION 7.08. ***Applicable Law.*** **THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

SECTION 7.09. ***Waivers; Amendment.*** (a) No failure or delay by the Collateral Agent, the Administrative Agent, any Issuing Bank, any Lender or any other Secured Party in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver hereof or thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent, the Administrative Agent, the Issuing Banks, the Lenders and the other Secured Parties hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 7.09, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Collateral Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time. No notice or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Subject to the terms of the ABL Intercreditor Agreement, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent (acting at the direction, or with the consent, of the Required Lenders) and the Loan Party or Loan Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.08 of the Credit Agreement.

SECTION 7.10. ***WAIVER 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 RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY

HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.10.

SECTION 7.11. ***Severability.*** In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.12. ***Counterparts.*** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 7.04. Delivery of an executed signature page to this Agreement by facsimile transmission or electronic transmission shall be effective as delivery of a manually signed counterpart of this Agreement.

SECTION 7.13. ***Headings.*** Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 7.14. ***Jurisdiction; Consent to Service of Process.*** (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America, sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by 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 any other Loan Document shall affect any right that the Collateral Agent, the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Grantor or its properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (a) of this Section 7.14. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the parties hereto hereby irrevocably consents to service of process in the manner provided for notices in Section 7.01. Nothing in this Agreement or any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

SECTION 7.15. ***Termination or Release.*** (a) Subject to Section 2.04, this Agreement, the guarantees made herein, the Security Interest, the pledge of the Pledged Collateral and all other security interests granted hereby shall automatically terminate and be released when all the Obligations (other than contingent indemnification obligations for which no claim has been made) have been paid in full in cash and the Lenders have no further commitment to lend under the Credit Agreement, the aggregate L/C Exposure has been reduced to zero (or the only outstanding Letters of Credit have become subject to arrangements reasonably satisfactory to the Administrative Agent and the applicable Issuing Bank) and the Issuing Banks have no further obligations to issue Letters of Credit under the Credit Agreement.

(b) A Subsidiary Guarantor shall automatically be released from its obligations hereunder and the Security Interests created hereunder in the Collateral of such Subsidiary Guarantor shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement (or consented to in writing pursuant to Section 9.08 of the Credit Agreement) as a result of which such Subsidiary Guarantor ceases to be a Subsidiary, or in accordance with Section 9.09(c) of the Credit Agreement.

(c) Upon any sale or other transfer by any Grantor of any Collateral that is permitted under the Credit Agreement to any person that is not the Borrower or a Guarantor (including any Permitted Securitization Transaction), or, upon the effectiveness of any written consent to the release of the Security Interest granted hereby in any Collateral pursuant to Section 9.08 of the Credit Agreement, the Security Interest in such Collateral shall be automatically released.

(d) Upon notification by the Borrower to the Collateral Agent that a Subsidiary Guarantor is a Non-Significant Subsidiary, and would not be required to become a Guarantor in accordance with the Credit Agreement, the Collateral Agent shall release the obligations of such Subsidiary hereunder and the Security Interests created hereunder in the Collateral of such Subsidiary Guarantor.

(e) In connection with any termination or release pursuant to paragraph (a), (b) or (c) above, the Collateral Agent shall promptly execute and deliver to any Grantor, at such Grantor’s expense, all Uniform Commercial Code termination

statements and similar documents that such Grantor shall reasonably request to evidence such termination or release, and all assignments or other instruments of transfer as may be necessary to reassign to such Grantor all rights, titles and interests in any relevant Intellectual Property as may have been assigned to the Collateral Agent and/or its designees, subject to any disposition thereof that may have been made by the Collateral Agent and/or its designees in accordance with the terms of this Agreement, and all rights and license granted to the Collateral Agent and/or its designees in or to any such Intellectual Property pursuant to this Agreement shall automatically and immediately terminate and all rights shall automatically and immediately revert to such Grantor. Any execution and delivery of documents pursuant to this Section 7.15 shall be without recourse to or representation or warranty by the Collateral Agent or any Secured Party. Without limiting the provisions of Section 7.06, the Borrower shall reimburse the Collateral Agent upon demand for all costs and out of pocket expenses, including the reasonable fees, charges and expenses of counsel, incurred by it in connection with any action contemplated by this Section 7.15.

SECTION 7.16. ***Additional Subsidiaries.*** Any Subsidiary that is required to become a party hereto pursuant to Section 5.12 of the Credit Agreement shall enter into this Agreement as a Subsidiary Guarantor and a Grantor upon becoming such a Subsidiary. Upon execution and delivery by the Collateral Agent and such Subsidiary of a supplement in the form of Exhibit A hereto, such Subsidiary shall become a Subsidiary Guarantor and a Grantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor and a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any other Loan Party hereunder. The rights and obligations of each Loan Party hereunder shall remain in full force and effect notwithstanding the addition of any new Loan Party as a party to this Agreement.

SECTION 7.17. ***Right of Setoff.*** If an Event of Default shall have occurred and is continuing, each Secured Party and its Affiliates hereby are authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all Collateral (including any deposits (general or special, time or demand, provisional or final (other than tax accounts, trust accounts or payroll accounts))) at any time held and other obligations at any time owing by such Secured Party or any of its Affiliates to or for the credit or the account of any Grantor against any and all of the obligations of such Grantor now or hereafter existing under this Agreement and the other Loan Documents held by such Secured Party, *provided* that at such time such obligations are due or payable. The rights of each Secured Party and its Affiliates under this Section 7.17 are in addition to other rights and remedies (including other rights of setoff) which such Secured Party or its Affiliates may have. The applicable Secured Party shall notify such Grantor and the Collateral Agent of any such setoff and application made by such Secured Party, *provided* that any failure to give or any delay in giving such notice shall not affect the validity of any such setoff and application under this Section.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, each Secured Party expressly waives its right of setoff (and any similar right including bankers' liens) with respect to all lockboxes, collection accounts and other cash management accounts maintained by any Grantor and into which any collections for

Government Accounts are deposited. For purposes hereof, "***Government Accounts***" shall mean all accounts on which any federal or state government unit or any intermediary for any federal or state government unit is the obligor.

SECTION 7.18. ***ABL INTERCREDITOR AGREEMENT GOVERNS***. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIEN AND SECURITY INTEREST GRANTED TO THE COLLATERAL AGENT, FOR THE BENEFIT OF THE SECURED PARTIES, PURSUANT TO THIS AGREEMENT AND THE EXERCISE OF ANY RIGHT OR REMEDY BY THE COLLATERAL AGENT AND THE OTHER SECURED PARTIES ARE SUBJECT TO THE PROVISIONS OF THE ABL INTERCREDITOR AGREEMENT. IN THE EVENT OF ANY CONFLICT OR INCONSISTENCY BETWEEN THE PROVISIONS OF THE ABL INTERCREDITOR AGREEMENT AND THIS AGREEMENT, THE PROVISIONS OF THE ABL INTERCREDITOR AGREEMENT SHALL CONTROL.

[Remainder of page intentionally left blank]

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

CHS/COMMUNITY HEALTH SYSYEMS, INC.,
as the Borrower and a Grantor

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

COMMUNITY HEALTH SYSYEMS, INC.,
as Parent, a Grantor and a Guarantor

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Abilene Hospital, LLC,
Abilene Merger, LLC,
Affinity Health Systems, LLC,
Affinity Hospital, LLC,
Berwick Hospital Company, LLC,
Biloxi H.M.A., LLC,
Birmingham Holdings II, LLC,
Birmingham Holdings, LLC,
Bluefield Holdings, LLC,
Bluefield Hospital Company, LLC,
Bluffton Health System LLC,
Brandon HMA, LLC,
Brownwood Hospital, L.P.,
Brownwood Medical Center, LLC,
Bullhead City Hospital Corporation,
Bullhead City Hospital Investment Corporation,
Campbell County HMA, LLC,
Carlsbad Medical Center, LLC,
Carolinas Holdings, LLC,
Carolinas JV Holdings General, LLC,
Carolinas JV Holdings, L.P.,
Central Florida HMA Holdings, LLC,
Central States HMA Holdings, LLC,
Chester HMA, LLC,
Chestnut Hill Health System, LLC,
CHHS Holdings, LLC,
CHHS Hospital Company, LLC,
CHS Pennsylvania Holdings, LLC,
CHS Receivables Funding, LLC
CHS Tennessee Holdings, LLC,
CHS Virginia Holdings, LLC,
Citrus HMA, LLC,
Clarksville Holdings II, LLC,
Clarksville Holdings, LLC,
Cleveland Hospital Company, LLC,
Cleveland Tennessee Hospital Company, LLC,
Clinton HMA, LLC,
Coatesville Hospital Corporation,
Cocke County HMA, LLC,
College Station Hospital, L.P.,
College Station Medical Center, LLC,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

College Station Merger, LLC,
Community Health Investment Company, LLC,
CP Hospital GP, LLC,
CPLP, LLC,
Crestwood Healthcare, L.P.,
Crestwood Hospital LP, LLC,
Crestwood Hospital, LLC,
CSMC, LLC,
Deaconess Holdings, LLC,
Deaconess Hospital Holdings, LLC,
Desert Hospital Holdings, LLC,
Detar Hospital, LLC,
DHFW Holdings, LLC,
Dukes Health System, LLC,
Dyersburg Hospital Company, LLC,
Emporia Hospital Corporation,
Florida HMA Holdings, LLC,
Foley Hospital Corporation,
Fort Smith HMA, LLC,
Frankfort Health Partner, Inc.,
Franklin Hospital Corporation,
Gadsden Regional Medical Center, LLC,
Gaffney H.M.A., LLC,
Granbury Hospital Corporation,
GRMC Holdings, LLC,
Hallmark Healthcare Company, LLC,
Health Management Associates, LLC,
Health Management Associates, LP,
Health Management General Partner I, LLC,
Health Management General Partner, LLC,
HMA Fentress County General Hospital, LLC,
HMA Hospitals Holdings, LP,
HMA Santa Rosa Medical Center, LLC,
HMA Services GP, LLC,
HMA-TRI Holdings, LLC,
Hobbs Medco, LLC,
Hospital Management Associates, LLC,
Hospital Management Services of Florida, LP,
Hospital of Morristown, LLC,
Jackson HMA, LLC,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Jackson Hospital Corporation,
Jefferson County HMA, LLC,
Kay County Hospital Corporation,
Kay County Oklahoma Hospital Company, LLC,
Kennett HMA, LLC,
Key West HMA, LLC,
Kirksville Hospital Company, LLC,
Knoxville HMA Holdings, LLC,
Lakeway Hospital Company, LLC,
Lancaster Hospital Corporation,
Laredo Texas Hospital Company, L.P.,
Las Cruces Medical Center, LLC,
Lea Regional Hospital, LLC,
Lebanon HMA, LLC,
Longview Clinic Operations Company, LLC,
Longview Medical Center, L.P.,
Longview Merger, LLC,
LRH, LLC,
Lutheran Health Network of Indiana, LLC,
Madison HMA, LLC,
Marshall County HMA, LLC,
Martin Hospital Company, LLC,
Mary Black Health System, LLC,
MCSA, L.L.C.,
Medical Center of Brownwood, LLC,
Metro Knoxville HMA, LLC,
Mississippi HMA Holdings I, LLC,
Mississippi HMA Holdings II, LLC,
Moberly Hospital Company, LLC,
Naples HMA, LLC,
Natchez Hospital Company, LLC,
National Healthcare of Leesville, Inc.,
Navarro Hospital, L.P.,
Navarro Regional, LLC,
NC-DSH, LLC,
Northwest Arkansas Hospitals, LLC,
Northwest Hospital, LLC,
NOV Holdings, LLC,
NRH, LLC,
Oak Hill Hospital Corporation,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Oro Valley Hospital, LLC,
Palmer-Wasilla Health System, LLC,
Pasco Regional Medical Center, LLC
Pennsylvania Hospital Company, LLC,
Phoenixville Hospital Company, LLC,
Poplar Bluff Regional Medical Center, LLC,
Port Charlotte HMA, LLC
Pottstown Hospital Company, LLC,
Punta Gorda HMA, LLC,
QHG Georgia Holdings II, LLC
QHG Georgia Holdings, Inc.
QHG Georgia, LP,
QHG of Bluffton Company, LLC,
QHG of Clinton County, Inc.,
QHG of Enterprise, Inc.,
QHG of Forrest County, Inc.,
QHG of Fort Wayne Company, LLC,
QHG of Hattiesburg, Inc.,
QHG of South Carolina, Inc.
QHG of Spartanburg, Inc.,
QHG of Springdale, Inc.,
Regional Hospital of Longview, LLC
River Oaks Hospital, LLC,
River Region Medical Corporation,
ROH, LLC,
Roswell Hospital Corporation,
Ruston Hospital Corporation
Ruston Louisiana Hospital Company, LLC,
SACMC, LLC,
Salem Hospital Corporation,
San Angelo Community Medical Center, LLC,
San Angelo Medical, LLC,
Scranton Holdings, LLC,
Scranton Hospital Company, LLC,
Scranton Quincy Holdings, LLC,
Scranton Quincy Hospital Company, LLC,
Seminole HMA, LLC,
Shelbyville Hospital Company, LLC,
Siloam Springs Arkansas Hospital Company, LLC
Siloam Springs Holdings, LLC,
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

Southeast HMA Holdings, LLC,
Southern Texas Medical Center, LLC
Southwest Florida HMA Holdings, LLC,
Statesville HMA, LLC,
Tennessee HMA Holdings, LP,
Tennyson Holdings, LLC,
Tomball Texas Holdings, LLC,
Tomball Texas Hospital Company, LLC,
Triad Healthcare, LLC,
Triad Holdings III, LLC,
Triad Holdings IV, LLC,
Triad Holdings V, LLC,
Triad Nevada Holdings, LLC,
Triad of Alabama, LLC,
Triad-ARMC, LLC,
Triad-El Dorado, Inc.,
Triad-Navarro Regional Hospital Subsidiary, LLC,
Tullahoma HMA, LLC,
Tunkhannock Hospital Company, LLC,
Van Buren H.M.A., LLC,
Venice HMA, LLC,
VHC Medical, LLC,
Vicksburg Healthcare, LLC,
Victoria Hospital, LLC,
Victoria of Texas, L.P.
Virginia Hospital Company, LLC,
Weatherford Hospital Corporation,
Weatherford Texas Hospital Company, LLC,
Webb Hospital Corporation,
Webb Hospital Holdings, LLC,
Wesley Health System LLC,
WHMC, LLC,
Wilkes-Barre Behavioral Hospital Company, LLC
Wilkes-Barre Holdings, LLC,
Wilkes-Barre Hospital Company, LLC
Woodland Heights Medical Center, LLC,
Woodward Health System, LLC
as Grantors and Subsidiary Guarantors

By: /s/ Edward W. Lomicka
Name: Edward W. Lomicka
Title: Vice President and Treasurer

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

By: /s/ Joseph M. McShane
Name: Joseph M. McShane
Title: Vice President

# EXACT LEGAL NAMES AND OTHER INFORMATION

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 1. | Community Health Systems, Inc. | Delaware | 2631063 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 2. | CHS/Community Health Systems, Inc. | Delaware | 2057824 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 3. | Abilene Hospital, LLC | Delaware | 3561884 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 4. | Abilene Merger, LLC | Delaware | 3561879 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 5. | Affinity Health Systems, LLC | Delaware | 4023256 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 6. | Affinity Hospital, LLC | Delaware | 4023245 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Grandview Medical Center<br>3690 Grandview Parkway<br>Birmingham, AL 35243<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 7. | Berwick Hospital Company, LLC | Delaware | 4447833 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Berwick Hospital Center<br>701 East 16th Street<br>Berwick, PA 18603<br><br>Professional Account Services, Inc.<br>7000 Commerce Way,<br>Suite 100<br>Brentwood, TN 37027 |
| 8. | Biloxi H.M.A., LLC | Mississippi | 938583 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health Biloxi<br>150 Reynoir Street<br>Biloxi, MS 39530<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
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| 9. | Birmingham Holdings II, LLC | Delaware | 4559514 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 10. | Birmingham Holdings, LLC | Delaware | 4014204 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 11. | Bluefield Holdings, LLC | Delaware | 4812809 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 12. | Bluefield Hospital Company, LLC | Delaware | 4812810 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Bluefield Regional Medical Center<br>500 Cherry Street<br>Bluefield, WV 24701<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 13. | Bluffton Health System LLC | Delaware | 3089523 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Bluffton Regional Medical Center<br>303 S. Main Street<br>Bluffton, IN 46714<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 14. | Brandon HMA, LLC | Mississippi | 938712 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health Rankin<br>350 Crossgates Boulevard<br>Brandon, MS 39042<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 15. | Brownwood Hospital, L.P. | Delaware | 2967928 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Brownwood Regional Medical Center<br>1501 Burnet Drive<br>Brownwood, TX 76801<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 16. | Brownwood Medical Center, LLC | Delaware | 2964283 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
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| 17. | Bullhead City Hospital Corporation | Arizona | 09397220 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Western Arizona Regional Medical Center<br>2735 Silver Creek Road<br>Bullhead City, AZ 86442<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 18. | Bullhead City Hospital Investment Corporation | Delaware | 3844912 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 19. | Campbell County HMA, LLC | Tennessee | 660519 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | LaFollette Medical Center<br>923 East Central Ave.<br>LaFollette, TN 37766<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 20. | Carlsbad Medical Center, LLC | Delaware | 2964276 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Carlsbad Medical Center<br>2430 W. Pierce<br>Carlsbad, NM<br>88220<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 21. | Carolinas Holdings, LLC | Delaware | 4521156 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 22. | Carolinas JV Holdings General, LLC | Delaware | 4521157 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 23. | Carolinas JV Holdings, L.P. | Delaware | 4521161 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 24. | Central Florida HMA Holdings, LLC | Delaware | 4634571 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 25. | Central States HMA Holdings, LLC | Delaware | 4634573 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 26. | Chester HMA, LLC | South Carolina | N/A | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Chester Regional Medical Center<br>One Medical Park Drive<br>Chester, SC 29706<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 27. | Chestnut Hill Health System, LLC | Delaware | 3914878 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 28. | CHHS Holdings, LLC | Delaware | 3914324 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 29. | CHHS Hospital Company, LLC | Delaware | 3917580 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 30. | CHS Pennsylvania Holdings, LLC | Delaware | 4474748 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 31. | CHS Receivables Funding, LLC | Delaware | 5099211 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 32. | CHS Tennessee Holdings, LLC | Delaware | 5736132 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 33. | CHS Virginia Holdings, LLC | Delaware | 4474750 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 34. | Citrus HMA, LLC | Florida | L08000108791 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Seven Rivers Regional Medical Center<br>6201 N. Suncoast Blvd.<br>Crystal River, FL 34428-6712<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 35. | Clarksville Holdings II, LLC | Delaware | 5169339 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 36. | Clarksville Holdings, LLC | Delaware | 4014187 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 37. | Cleveland Hospital Company, LLC | Tennessee | 289046 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 38. | Cleveland Tennessee Hospital Company, LLC | Delaware | 4589625 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare – Cleveland<br>2305 Chambliss Avenue<br>Cleveland, TN 37311<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 39. | Clinton HMA, LLC | Oklahoma | 3512339859 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Alliance Health Clinton<br>100 North 30th Street<br>Clinton, OK 73601<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 40. | Coatesville Hospital Corporation | Pennsylvania | 2987105 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 41. | Cocke County HMA, LLC | Tennessee | 660506 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Newport Medical Center<br>435 Second Street<br>Newport, TN 37821<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 42. | College Station Hospital, L.P. | Delaware | 2967943 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | College Station Medical Center<br>1604 Rock Prairie Road<br>College Station, TX 77845<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 43. | College Station Medical Center, LLC | Delaware | 2964215 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 44. | College Station Merger, LLC | Delaware | 3000998 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 45. | Community Health Investment Company, LLC | Delaware | 2066922 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 46. | CP Hospital GP, LLC | Delaware | 4072307 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 47. | CPLP, LLC | Delaware | 4072308 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 48. | Crestwood Healthcare, L.P. | Delaware | 2616459 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | College Station Medical Center<br>1604 Rock Prairie Road<br>College Station, TX 77845<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 49. | Crestwood Hospital LP, LLC | Delaware | 2964362 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 50. | Crestwood Hospital, LLC | Delaware | 3000931 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 51. | CSMC, LLC | Delaware | 2964231 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 52. | Deaconess Holdings, LLC | Delaware | 2575694 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 53. | Deaconess Hospital Holdings, LLC | Delaware | 3931158 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 54. | Desert Hospital Holdings, LLC | Delaware | 4272332 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 55. | Detar Hospital, LLC | Delaware | 2947802 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 56. | DHFW Holdings, LLC | Delaware | 4562267 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 57. | Dukes Health System, LLC | Delaware | 3575662 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Dukes Memorial Hospital<br>275 West 12th Street<br>Peru, IN 46970-1698<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 58. | Dyersburg Hospital Company, LLC | Tennessee | 435828 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare - Dyersburg Regional 400 Tickle Street<br>Dyersburg, TN 38024<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 59. | Emporia Hospital Corporation | Virginia | 0514489-4 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Southern Virginia Regional Medical Center<br>727 North Main<br>Street Emporia, VA 23847<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 60. | Florida HMA Holdings, LLC | Delaware | 4634568 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 61. | Foley Hospital Corporation | Alabama | 208-366 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | South Baldwin Regional Medical Center<br>1613 North McKenzie Street<br>Foley, AL 36535<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 62. | Fort Smith HMA, LLC | Arkansas | 800164237 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Sparks Regional Medical Center<br>PO Box 2406<br>(1001 Towson Ave.)<br>Fort Smith, AR 72902<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 63. | Frankfort Health Partner, Inc. | Indiana | 1997030055 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 64. | Franklin Hospital Corporation | Virginia | 0529059-8 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Southampton Memorial Hospital<br>100 Fairview Drive<br>Franklin, VA 23851<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 65. | Gadsden Regional Medical Center, LLC | Delaware | 4275573 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Gadsden Regional Medical Center<br>1007 Goodyear Avenue<br>Gadsden, AL 35903<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 66. | Gaffney H.M.A., LLC | South Carolina | N/A | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Mary Black Health System – Gaffney<br>1530 North Limestone Street<br>Gaffney, SC 29340<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 67. | Granbury Hospital Corporation | Texas | 142527600 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Lake Granbury Medical Center<br>1310 Paluxy Road<br>Granbury, TX 76048<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 68. | GRMC Holdings, LLC | Delaware | 4272335 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | 5800 Tennyson Parkway<br>Plano, TX 75024 |
| 69. | Hallmark Healthcare Company, LLC | Delaware | 924764 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 70. | Health Management Associates, LLC | Delaware | 879607 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 71. | Health Management Associates, LP | Delaware | 4769167 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 72. | Health Management General Partner I, LLC | Delaware | 5267241 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 73. | Health Management General Partner, LLC | Delaware | 5266667 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 74. | HMA Fentress County General Hospital, LLC | Tennessee | 0160892 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare - Jamestown<br>436 Central Avenue<br>West Jamestown, TN 38556<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 75. | HMA Hospitals Holdings, LP | Delaware | 4634558 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 76. | HMA Santa Rosa Medical Center, LLC | Florida | L08000118053 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Santa Rosa Medical Center<br>6002 Berryhill Road<br>Milton, FL 32570<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 77. | HMA Services GP, LLC | Delaware | 5266665 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 78. | HMA-TRI Holdings, LLC | Delaware | 5835808 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 79. | Hobbs Medco, LLC | Delaware | 3000933 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 80. | Hospital Management Associates, LLC | Florida | L13000001937 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 81. | Hospital Management Services of Florida, LP | Florida | A13000000018 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 82. | Hospital of Morristown, LLC | Tennessee | 264618 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Lakeway Regional Hospital<br>726 McFarland<br>Street<br>Morristown, TN 37814<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 83. | Jackson HMA, LLC | Mississippi | 938738 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health Central<br>1850 Chadwick Drive<br>Jackson, MS 39204<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 84. | Jackson Hospital Corporation | Tennessee | 435834 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 85. | Jefferson County HMA, LLC | Tennessee | 660508 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Jefferson Memorial Hospital<br>110 Hospital Drive<br>Jefferson City, TN<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 86. | Kay County Hospital Corporation | Oklahoma | 1912092200 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 87. | Kay County Oklahoma Hospital Company, LLC | Oklahoma | 3512092198 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | AllianceHealth<br>Ponca City<br>1900 North 14th<br>Street<br>Ponca City, OK<br>74601<br><br>Professional Account Services, Inc.<br>7000 Commerce<br>Way<br>Suite 100<br>Brentwood, TN<br>37027 |
| 88. | Kennett HMA, LLC | Missouri | 00538970 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Twin Rivers Regional Medical Center<br>1301 First Street<br>Kennett, MO 638572525<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 89. | Key West HMA, LLC | Florida | L08000108767 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Lower Keys Medical Center<br>5900 College Road<br>Key West, Florida 33040<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 90. | Kirksville Hospital Company, LLC | Delaware | 4447853 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 91. | Knoxville HMA Holdings, LLC | Tennessee | 660504 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 92. | Lakeway Hospital Company, LLC | Tennessee | 278113 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 93. | Lancaster Hospital Corporation | Delaware | 2436981 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Ponca City Medical Center<br>1900 North 14th Street<br>Ponca City, OK 74601<br><br>Professional Account Services, Inc.<br>7000 Commerce Way,<br>Suite 100<br>Brentwood, TN<br>37027 |
| 94. | Laredo Texas Hospital Company, L.P. | Texas | 800237874 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Laredo Medical<br>Center<br>1700 East Saunders<br>Laredo, TX 78041<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 95. | Las Cruces Medical Center, LLC | Delaware | 3306969 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | MountainView Regional<br>Medical Center<br>4311 East Lohman Avenue<br>Las Cruces, NM 88011<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 96. | Lea Regional Hospital, LLC | Delaware | 2964402 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Lea Regional Medical Center<br>5419 N. Lovington Hwy<br>Hobbs, NM 88240<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 97. | Lebanon HMA, LLC | Tennessee | 453277 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare - Lebanon<br>1411 W. Baddour Parkway<br>Lebanon, TN 370872513<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 98. | Longview Clinic Operations Company, LLC | Delaware | 5118886 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 99. | Longview Medical Center, L.P. | Delaware | 2964553 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Longview Regional Medical Center<br>2901 N. Fourth Street<br>(P.O. Box 14000 / zip 75607)<br>Longview, TX 75605<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 100. | Longview Merger, LLC | Delaware | 3000918 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 101. | LRH, LLC | Delaware | 2964430 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 102. | Lutheran Health Network of Indiana, LLC | Delaware | 2964221 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 103. | Madison HMA, LLC | Mississippi | 938594 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health<br>Madison<br>161 River Oaks Drive<br>PO Box 1607 (zip code 39046-1607)<br>Canton, MS 39046<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 104. | Marshall County HMA, LLC | Oklahoma | 3512339852 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | AllianceHealth<br>Madill<br>901 S. 5th Ave.<br>Madill, OK 73446<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 105. | Martin Hospital Company, LLC | Tennessee | 435833 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare – Volunteer Martin<br>161 Mt. Pelia Road<br>Martin, TN 38237<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 106. | Mary Black Health System LLC | Delaware | 2623318 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Mary Black Health System – Spartanburg<br>1700 Skylyn Drive<br>Spartanburg, SC 29307<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 107. | MCSA, L.L.C. | Arkansas | 100129761 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Medical Center of South Arkansas<br>700 W. Grove Street<br>El Dorado, AR 71730<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 108. | Medical Center of Brownwood, LLC | Delaware | 2964442 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 109. | Metro Knoxville HMA, LLC | Tennessee | 660505 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | North Knoxville Medical Center<br>7565 Dannaher Drive<br>Powell, TN 37849<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 110. | Mississippi HMA Holdings I, LLC | Delaware | 4634574 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 111. | Mississippi HMA Holdings II, LLC | Delaware | 4634575 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 112. | Moberly Hospital Company, LLC | Delaware | 4447851 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Moberly Regional Medical Center<br>1515 Union Avenue<br>Moberly, MO 65270<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 113. | Naples HMA, LLC | Florida | L08000107925 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Physicians Regional Medical Center - Collier<br>8300 Collier Blvd.<br>Naples, FL 34114<br><br>Physicians Regional Medical Center - Pine Ridge<br>6101 Pine Ridge Road<br>Naples, FL 34119<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 114. | Natchez Hospital Company, LLC | Delaware | 5526452 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health Natchez<br>54 Seargent Pretiss Drive<br>Natchez, MS 39120<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 115. | National Healthcare of Leesville, Inc. | Delaware | 2101020 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Byrd Regional Hospital<br>1020 Fertitta Boulevard<br>Leesville, LA 71446<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 116. | Navarro Hospital, L.P. | Delaware | 2964396 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Navarro Regional Hospital<br>3201 W. Highway 22<br>Corsicana, TX<br>75110<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 117. | Navarro Regional, LLC | Delaware | 2964393 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 118. | NC-DSH, LLC | Nevada | C11431-1993 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

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| 119. | Northwest Arkansas Hospitals, LLC | Delaware | 4251378 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Northwest Medical Center – Bentonville<br>3000 Medical Center Pkwy.<br>Bentonville, AR<br>72712<br><br>Northwest Medical Center – Springdale<br>609 W. Maple<br>Springdale, AR 72764<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 120. | Northwest Hospital, LLC | Delaware | 2964436 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Northwest Medical Center<br>6200 N. LaCholla Boulevard<br>Tucson, AZ 85741<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 121. | NOV Holdings, LLC | Delaware | 4272333 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 122. | NRH, LLC | Delaware | 2964428 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 123. | Oak Hill Hospital Corporation | West Virginia | 46241 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Plateau Medical Center<br>430 Main Street<br>Oak Hill, WV<br>25901<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 124. | Oro Valley Hospital, LLC | Delaware | 3575660 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Oro Valley Hospital<br>1551 E. Tangerine Road<br>Oro Valley, AZ<br>85755<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 125. | Palmer-Wasilla Health System, LLC | Delaware | 2964382 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 126. | Pasco Regional Medical Center, LLC | Florida | L08000103539 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 127. | Pennsylvania Hospital Company, LLC | Delaware | 3657509 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 128. | Phoenixville Hospital Company, LLC | Delaware | 3796044 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 129. | Poplar Bluff Regional Medical Center, LLC | Missouri | LC0961963 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 130. | Port Charlotte HMA, LLC | Florida | L08000111185 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Bayfront Health Port Charlotte<br>2500 Harbor Boulevard<br>Port Charlotte, FL 33952<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 131. | Pottstown Hospital Company, LLC | Delaware | 3657514 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 132. | Punta Gorda HMA, LLC | Florida | L08000107920 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Bayfront Health<br>Punta Gorda<br>809 East Marion Avenue<br>Punta Gorda, FL 33950-3898<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 133. | QHG Georgia Holdings II, LLC | Delaware | 4754966 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 134. | QHG Georgia Holdings, Inc. | Georgia | K815327 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 135. | QHG Georgia, LP | Georgia | K815977 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 136. | QHG of Bluffton Company, LLC | Delaware | 4474767 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 137. | QHG of Clinton County, Inc. | Indiana | 1997020547 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 138. | QHG of Enterprise, Inc. | Alabama | 176-166 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Medical Center Enterprise<br>400 North Edwards Street<br>Enterprise, AL<br>36330<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

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| 139. | QHG of Forrest County, Inc. | Mississippi | 644555 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 140. | QHG of Fort Wayne Company, LLC | Delaware | 4474773 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 141. | QHG of Hattiesburg, Inc. | Mississippi | 644553 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 142. | QHG of South Carolina, Inc. | South Carolina | N/A | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Carolinas Hospital System<br>805 Pamplico Hwy<br>Florence, SC 29505<br><br>Carolinas Hospital System - Marion<br>2829 East Hwy 76<br>Mullins, SC 29574<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 143. | QHG of Spartanburg, Inc. | South Carolina | N/A | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 144. | QHG of Springdale, Inc. | Arkansas | 100163444 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 145. | Regional Hospital of Longview, LLC | Delaware | 2964549 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 146. | River Oaks Hospital, LLC | Mississippi | 939308 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health River Oaks<br>1030 River Oaks Drive<br>Flowood, MS 39232<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 147. | River Region Medical Corporation | Mississippi | 631781 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 148. | ROH, LLC | Mississippi | 938734 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Merit Health Woman's Hospital<br>1026 N. Flowood Drive<br>PO Box 4546 (Jackson, MS 39296-4546)<br>Flowood, MS 39232<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 149. | Roswell Hospital Corporation | New Mexico | 1913540 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Eastern New Mexico Medical Center<br>405 West Country Club Road<br>Roswell, NM 88201<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 150. | Ruston Hospital Corporation | Delaware | 4270743 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 151. | Ruston Louisiana Hospital Company, LLC | Delaware | 4270657 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Northern Louisiana Medical Center<br>401 East Vaughn Avenue<br>Ruston, LA 71270<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 152. | SACMC, LLC | Delaware | 2964570 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 153. | Salem Hospital Corporation | New Jersey | 100863665 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | The Memorial Hospital of Salem County<br>310 Woodstown Road<br>Salem, NJ 08079<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 154. | San Angelo Community Medical Center, LLC | Delaware | 2964587 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 155. | San Angelo Medical, LLC | Delaware | 3001078 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 156. | Scranton Holdings, LLC | Delaware | 4927795 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 157. | Scranton Hospital Company, LLC | Delaware | 4927796 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Regional Hospital of Scranton<br>746 Jefferson Ave.<br>Scranton, PA 18510<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 158. | Scranton Quincy Holdings, LLC | Delaware | 5005526 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 159. | Scranton Quincy Hospital Company, LLC | Delaware | 5005530 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Moses Taylor Hospital<br>700 Quincy Ave.<br>Scranton, PA 18510<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 160. | Seminole HMA, LLC | Oklahoma | 3512339861 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | AllianceHealth Seminole<br>2401 Wrangler Boulevard<br>Seminole, OK<br>74868<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 161. | Shelbyville Hospital Company, LLC | Tennessee | 494640 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare - Shelbyville<br>2835 Hwy 231<br>N Shelbyville, TN 37160<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 162. | Siloam Springs Arkansas Hospital Company, LLC | Delaware | 4617628 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Siloam Springs Memorial Hospital<br>205 E. Jefferson Street<br>Siloam Springs, AR 72761<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 163. | Siloam Springs Holdings, LLC | Delaware | 4617627 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 164. | Southeast HMA Holdings, LLC | Delaware | 4634565 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 165. | Southern Texas Medical Center, LLC | Delaware | 3001009 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 166. | Southwest Florida HMA Holdings, LLC | Delaware | 4634561 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 167. | Statesville HMA, LLC | North Carolina | C200808000880 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Davis Regional Medical Center<br>218 Old Mocksville Road<br>Statesville, NC<br>28625<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 168. | Tennessee HMA Holdings, LP | Delaware | 5267250 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 169. | Tennyson Holdings, LLC | Delaware | 4075793 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 170. | Tomball Texas Holdings, LLC | Delaware | 5012107 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 171. | Tomball Texas Hospital Company, LLC | Delaware | 5017131 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 172. | Triad Healthcare, LLC | Delaware | 3035153 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 173. | Triad Holdings III, LLC | Delaware | 3037153 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 174. | Triad Holdings IV, LLC | Delaware | 2984727 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 175. | Triad Holdings V, LLC | Delaware | 2226797 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 176. | Triad Nevada Holdings, LLC | Delaware | 4474764 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 177. | Triad of Alabama, LLC | Delaware | 2964867 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Flowers Hospital<br>4370 West Main Street<br>Dothan, AL 36305<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 178. | Triad-ARMC, LLC | Delaware | 3561894 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 179. | Triad-El Dorado, Inc. | Arkansas | 100129067 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 180. | Triad-Navarro Regional Hospital Subsidiary, LLC | Delaware | 3036964 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 181. | Tullahoma HMA, LLC | Tennessee | 453279 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tennova Healthcare - Harton<br>1801 N. Jackson Street<br>Tullahoma, TN 373888-2201<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 182. | Tunkhannock Hospital Company, LLC | Delaware | 4927797 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Tyler Memorial Hospital<br>880 SR 6<br>West Tunkhannock, PA 18657-9110<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 183. | Van Buren H.M.A., LLC | Arkansas | 800152300 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Sparks Medical Center - Van Buren<br>E. Main & South 20th Street<br>PO Box 409 (zip code 72957)<br>Van Buren, AR<br>72956<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 184. | Venice HMA, LLC | Florida | L08000108774 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Venice Regional Bayfront Health<br>540 The Rialto<br>Venice, FL 34285<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 185. | VHC Medical, LLC | Delaware | 3001003 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 186. | Vicksburg Healthcare, LLC | Delaware | 2939229 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | River Region Health System<br>2100 Highway 61<br>North Vicksburg, MS 39183<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 187. | Victoria Hospital, LLC | Delaware | 2948658 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 188. | Victoria of Texas, L.P. | Delaware | 2949026 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | DeTar Hospital North<br>101 Medical Drive<br>Victoria, TX 77904<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 189. | Virginia Hospital Company, LLC | Virginia | S097163-2 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 190. | Weatherford Hospital Corporation | Texas | 800718212 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 191. | Weatherford Texas Hospital Company, LLC | Texas | 800718224 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 192. | Webb Hospital Corporation | Delaware | 3695172 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 193. | Webb Hospital Holdings, LLC | Delaware | 3695131 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 194. | Wesley Health System LLC | Delaware | 2770969 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Wesley Medical Center<br>5001 Hardy Street<br>Hattiesburg, MS 39402<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 195. | WHMC, LLC | Delaware | 2964658 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 196. | Wilkes-Barre Behavioral Hospital Company, LLC | Delaware | 4617621 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | 562 Wyoming Avenue<br>Kingston, PA 18704<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 197. | Wilkes-Barre Holdings, LLC | Delaware | 4617617 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |
| 198. | Wilkes-Barre Hospital Company, LLC | Delaware | 4617619 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | Wilkes-Barre General Hospital<br>575 North River Street<br>Wilkes-Barre, PA 18764<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN 37027 |
| 199. | Woodland Heights Medical Center, LLC | Delaware | 2964611 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | N/A |

| | Exact Legal Name of Grantor | Jurisdiction of Formation | Organizational ID | Address of Chief Executive Office | Accounts Receivable |
|---|---|---|---|---|---|
| 200. | Woodward Health System, LLC | Delaware | 2964411 | Community Health Systems<br>4000 Meridian Blvd.<br>Franklin, TN 37067 | AllianceHealth Woodward<br>900 17th Street<br>Woodward, OK<br>73801<br><br>Professional Account Services, Inc.<br>7000 Commerce Way<br>Suite 100<br>Brentwood, TN<br>37027 |

SUBSIDIARY GUARANTORS

1. Abilene Hospital, LLC
2. Abilene Merger, LLC
3. Affinity Health Systems, LLC
4. Affinity Hospital, LLC
5. Berwick Hospital Company, LLC
6. Biloxi H.M.A., LLC
7. Birmingham Holdings II, LLC
8. Birmingham Holdings, LLC
9. Bluefield Holdings, LLC
10. Bluefield Hospital Company, LLC
11. Bluffton Health System LLC
12. Brandon HMA, LLC
13. Brownwood Hospital, L.P.
14. Brownwood Medical Center, LLC
15. Bullhead City Hospital Corporation
16. Bullhead City Hospital Investment Corporation
17. Campbell County HMA, LLC
18. Carlsbad Medical Center, LLC
19. Carolinas Holdings, LLC
20. Carolinas JV Holdings General, LLC
21. Carolinas JV Holdings, L.P.
22. Central Florida HMA Holdings, LLC
23. Central States HMA Holdings, LLC
24. Chester HMA, LLC
25. Chestnut Hill Health System, LLC
26. CHHS Holdings, LLC
27. CHHS Hospital Company, LLC
28. CHS Pennsylvania Holdings, LLC
29. CHS Receivables Funding, LLC
30. CHS Tennessee Holdings, LLC
31. CHS Virginia Holdings, LLC
32. Citrus HMA, LLC
33. Clarksville Holdings II, LLC
34. Clarksville Holdings, LLC
35. Cleveland Hospital Company, LLC
36. Cleveland Tennessee Hospital Company, LLC
37. Clinton HMA, LLC
38. Coatesville Hospital Corporation
39. Cocke County HMA, LLC
40. College Station Hospital, L.P.
41. College Station Medical Center, LLC
42. College Station Merger, LLC
43. Community Health Investment Company, LLC
44. CP Hospital GP, LLC

45. CPLP, LLC
46. Crestwood Healthcare, L.P.
47. Crestwood Hospital LP, LLC
48. Crestwood Hospital, LLC
49. CSMC, LLC
50. Deaconess Holdings, LLC
51. Deaconess Hospital Holdings, LLC
52. Desert Hospital Holdings, LLC
53. Detar Hospital, LLC
54. DHFW Holdings, LLC
55. Dukes Health System, LLC
56. Dyersburg Hospital Company, LLC
57. Emporia Hospital Corporation
58. Florida HMA Holdings, LLC
59. Foley Hospital Corporation
60. Fort Smith HMA, LLC
61. Frankfort Health Partner, Inc.
62. Franklin Hospital Corporation
63. Gadsden Regional Medical Center, LLC
64. Gaffney H.M.A., LLC
65. Granbury Hospital Corporation
66. GRMC Holdings, LLC
67. Hallmark Healthcare Company, LLC
68. Health Management Associates, LLC
69. Health Management Associates, LP
70. Health Management General Partner I, LLC
71. Health Management General Partner, LLC
72. HMA Fentress County General Hospital, LLC
73. HMA Hospitals Holdings, LP
74. HMA Santa Rosa Medical Center, LLC
75. HMA Services GP, LLC
76. HMA-TRI Holdings, LLC
77. Hobbs Medco, LLC
78. Hospital Management Associates, LLC
79. Hospital Management Services of Florida, LP
80. Hospital of Morristown, LLC
81. Jackson HMA, LLC
82. Jackson Hospital Corporation
83. Jefferson County HMA, LLC
84. Kay County Hospital Corporation
85. Kay County Oklahoma Hospital Company, LLC
86. Kennett HMA, LLC
87. Key West HMA, LLC
88. Kirksville Hospital Company, LLC
89. Knoxville HMA Holdings, LLC
90. Lakeway Hospital Company, LLC

91. Lancaster Hospital Corporation
92. Laredo Texas Hospital Company, L.P.
93. Las Cruces Medical Center, LLC
94. Lea Regional Hospital, LLC
95. Lebanon HMA, LLC
96. Longview Clinic Operations Company, LLC
97. Longview Medical Center, L.P.
98. Longview Merger, LLC
99. LRH, LLC
100. Lutheran Health Network of Indiana, LLC
101. Madison HMA, LLC
102. Marshall County HMA, LLC
103. Martin Hospital Company, LLC
104. Mary Black Health System, LLC
105. MCSA, L.L.C.
106. Medical Center of Brownwood, LLC
107. Metro Knoxville HMA, LLC
108. Mississippi HMA Holdings I, LLC
109. Mississippi HMA Holdings II, LLC
110. Moberly Hospital Company, LLC
111. Naples HMA, LLC
112. Natchez Hospital Company, LLC
113. National Healthcare of Leesville, Inc.
114. Navarro Hospital, L.P.
115. Navarro Regional, LLC
116. NC-DSH, LLC
117. Northwest Arkansas Hospitals, LLC
118. Northwest Hospital, LLC
119. NOV Holdings, LLC
120. NRH, LLC
121. Oak Hill Hospital Corporation
122. Oro Valley Hospital, LLC
123. Palmer-Wasilla Health System, LLC
124. Pasco Regional Medical Center, LLC
125. Pennsylvania Hospital Company, LLC
126. Phoenixville Hospital Company, LLC
127. Poplar Bluff Regional Medical Center, LLC
128. Port Charlotte HMA, LLC
129. Pottstown Hospital Company, LLC
130. Punta Gorda HMA, LLC
131. QHG Georgia Holdings II, LLC
132. QHG Georgia Holdings, Inc.
133. QHG Georgia, LP
134. QHG of Bluffton Company, LLC
135. QHG of Clinton County, Inc.
136. QHG of Enterprise, Inc.

137. QHG of Forrest County, Inc.
138. QHG of Fort Wayne Company, LLC
139. QHG of Hattiesburg, Inc.
140. QHG of South Carolina, Inc.
141. QHG of Spartanburg, Inc.
142. QHG of Springdale, Inc.
143. Regional Hospital of Longview, LLC
144. River Oaks Hospital, LLC
145. River Region Medical Corporation
146. ROH, LLC
147. Roswell Hospital Corporation
148. Ruston Hospital Corporation
149. Ruston Louisiana Hospital Company, LLC
150. SACMC, LLC
151. Salem Hospital Corporation
152. San Angelo Community Medical Center, LLC
153. San Angelo Medical, LLC
154. Scranton Holdings, LLC
155. Scranton Hospital Company, LLC
156. Scranton Quincy Holdings, LLC
157. Scranton Quincy Hospital Company, LLC
158. Seminole HMA, LLC
159. Shelbyville Hospital Company, LLC
160. Siloam Springs Arkansas Hospital Company, LLC
161. Siloam Springs Holdings, LLC
162. Southeast HMA Holdings, LLC
163. Southern Texas Medical Center, LLC
164. Southwest Florida HMA Holdings, LLC
165. Statesville HMA, LLC
166. Tennessee HMA Holdings, LP
167. Tennyson Holdings, LLC
168. Tomball Texas Holdings, LLC
169. Tomball Texas Hospital Company, LLC
170. Triad Healthcare, LLC
171. Triad Holdings III, LLC
172. Triad Holdings IV, LLC
173. Triad Holdings V, LLC
174. Triad Nevada Holdings, LLC
175. Triad of Alabama, LLC
176. Triad-ARMC, LLC
177. Triad-El Dorado, Inc.
178. Triad-Navarro Regional Hospital Subsidiary, LLC
179. Tullahoma HMA, LLC
180. Tunkhannock Hospital Company, LLC
181. Van Buren H.M.A., LLC
182. Venice HMA, LLC

183. VHC Medical, LLC
184. Vicksburg Healthcare, LLC
185. Victoria Hospital, LLC
186. Victoria of Texas, L.P.
187. Virginia Hospital Company, LLC
188. Weatherford Hospital Corporation
189. Weatherford Texas Hospital Company, LLC
190. Webb Hospital Corporation
191. Webb Hospital Holdings, LLC
192. Wesley Health System LLC
193. WHMC, LLC
194. Wilkes-Barre Behavioral Hospital Company, LLC
195. Wilkes-Barre Holdings, LLC
196. Wilkes-Barre Hospital Company, LLC
197. Woodland Heights Medical Center, LLC
198. Woodward Health System, LLC

EQUITY INTERESTS

On file with agent

PLEDGED DEBT SECURITIES, DEBT INSTRUMENTS; ADVANCES

On file with agent

MORTGAGE FILINGS

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 1. | Northwest Medical Center<br>6200 N. LaCholla Blvd.<br>Tucson, AZ 85741 | Northwest Hospital, LLC | Pima County, AZ |
| 2. | Oro Valley Hospital<br>1551 E. Tangerine Road<br>Oro Valley, AZ 85755 | Oro Valley Hospital, LLC | Pima County, AZ |
| 3. | Bluffton Regional Medical Center<br>303 South Main Street<br>Bluffton, IN 46714 | Bluffton Health System LLC | Wells County, IN |
| 4. | Dukes Memorial Hospital<br>275 W. 12th Street<br>Peru, IN 46970 | Dukes Health System, LLC | Miami County, IN |
| 5. | Merit Health River Region<br>2100 Highway 61 North/1111 N. Frontage Road<br>Vicksburg, MS 39183 | Vicksburg Healthcare, LLC | Warren County, MS |
| 6. | Merit Health Wesley [(f/k/a Wesley Medical Center)]<br>5001 Hardy Street<br>Hattiesburg, MS 39402 | Wesley Health System LLC | Lamar and Forrest Counties, MS |
| 7. | Moberly Regional Medical Center<br>1515 Union Avenue<br>Moberly, MO 65270 | Moberly Hospital Company, LLC | Shelby and Randolph counties, MO |
| 8. | Memorial Hospital of Salem County<br>310 Woodstown Road<br>Salem, NJ 08079 | Salem Hospital Corporation | Salem & Gloucester Counties, NJ |
| 9. | Carlsbad Medical Center<br>2430 West Pierce St<br>Carlsbad, NM 88220 | Carlsbad Medical Center, LLC | Eddy County, NM |
| 10. | Eastern New Mexico Medical Center<br>405 West Country Club Road<br>Roswell, NM 88201 | Roswell Hospital Corporation | Chaves County, NM |
| 11. | Lea Regional Medical Center<br>5419 N. Lovington Highway<br>Hobbs, NM 88240 | Lea Regional Hospital, LLC | Lea County, NM |
| 12. | Mountain View Regional Medical Center<br>4311 East Lohman Avenue<br>Las Cruces, NM 88011 | Las Cruces Medical Center, LLC | Dona Ana County, NM |

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 13. | Berwick Hospital Center<br>701 East 16th Street<br>Berwick, PA 18603 | Berwick Hospital Company, LLC | Columbia & Luzerne Counties, PA |
| 14. | Moses Taylor Hospital<br>700 Quincy Avenue<br>Scranton, PA 18510 | Scranton Quincy Hospital Company, LLC | Lackawanna County, PA |
| 15. | Regional Hospital of Scranton<br>746 Jefferson Ave<br>Scranton, PA 18510 | Scranton Hospital Company, LLC | Lackawanna County, PA |
| 16. | Tyler Memorial Hospital<br>5950 SR6<br>Tunkhannock, PA 18657 | Tunkhannock Hospital Company, LLC | Wyoming County, PA |
| 17. | Wilkes-Barre General Hospital<br>575 North River Street<br>Wilkes-Barre, PA 18702<br><br>Thomas P. Saxton Medical Pavilion<br>468 Northampton Street<br>Edwardsville, PA 18704<br><br>Wyoming Valley Imaging Center<br>345 N. Pennsylvania Avenue<br>Wilkes-Barre, PA 18702 | Wilkes-Barre Hospital Company, LLC | Luzerne County, PA |
| 18. | First Hospital<br>562 and 534 Wyoming Avenue<br>Kingston, PA 18704<br><br>Community Counseling Services<br>110-130 S. Pennsylvania Avenue (a/k/a 101 E. Northampton)<br>Wilkes-Barre, PA 18701<br>92 S. Franklin Street<br>Wilkes-Barre, PA 18701<br>320 S. Franklin Street<br>Wilkes-Barre, PA 18702<br>3504 Bear Creek<br>Bear Creek, PA 18602<br><br>First Hospital – Patient Resident House<br>76 South Dawes Avenue<br>Kingston, PA 18704 | Wilkes-Barre Behavioral Hospital Company, LLC | Luzerne County, PA |
| 19. | Carolinas Hospital System<br>805 Pamplico Highway<br>Florence, SC 29505 | QHG of South Carolina, Inc. | Florence County, SC |

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 20. | Carolinas Hospital System – Marion (f/k/a Marion Regional Hospital)<br>2829 E. Highway 76<br>Mullins, SC 29574 | QHG of South Carolina, Inc. | Marion County, SC |
| 21. | Mullins Nursing Center<br>518 S. Main Street<br>Mullins, SC 295741 | QHG of South Carolina, Inc. | Marion County, SC |
| 22. | Springs Memorial Hospital<br>800 W. Meeting Street<br>Lancaster, SC 29720 | Lancaster Hospital Corporation | Lancaster County, SC |
| 23. | Tennova – Dyersburg Regional<br>(f/k/a Dyersburg Regional Medical Center)<br>400 E. Tickle Street<br>Dyersburg, TN 38024 | Dyersburg Hospital Company, LLC | Dyer and Lauderdale Counties, TN |
| 24. | Tennova – Lakeway Regional Hospital (f/k/a Lakeway Regional Hospital)<br>726 McFarland Street<br>Morristown, TN 37814 | Hospital of Morristown, LLC | Hamblen County, TN |
| 25. | Tennova Healthcare-Cleveland<br>2305 Chambliss Avenue NW<br>Cleveland, TN 37311 | Cleveland Tennessee Hospital Company, LLC | Bradley County, TN |
| 26. | Tennova- Volunteer Martin<br>161 Mt. Pelia Road<br>Martin, TN 38237 | Martin Hospital Company, LLC | Weakley County, TN |
| 27. | College Station Medical Center<br>1604 Rock Prairie Road<br>College Station, TX 77845 | College Station Hospital, L.P. | Brazos County, TX |
| 28. | DeTar Healthcare System<br>506 E. San Antonio Street<br>Victoria, TX 77901 | Victoria of Texas, L.P. | Victoria County, TX |
| 29. | DeTar Healthcare System<br>101 Medical Drive<br>Victoria, TX 77904 | Victoria of Texas, L.P. | Victoria County, TX |
| 30. | Bluefield Regional Medical Center<br>500 Cherry Street (821 Bluefield Avenue)<br>Bluefield, WV 24701 | Bluefield Hospital Company, LLC | Mercer County, WV |

[1] Expected to be included in Mortgage on Carolinas Hospital System – Marion (f/k/a Marion Regional Hospital).

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 31. | Medical Center of South Arkansas<br>700 W. Grove Street<br>El Dorado, AR 71730 | MCSA, L.L.C. | Union County, AR |
| 32. | Western Arizona Regional Medical Center<br>2735 Silver Creek Road<br>Bullhead City, AZ 86442 | Bullhead City Hospital Corporation | Mohave County, AZ |
| 33. | Longview Regional Medical Center<br>2901 N. Fourth Street<br>Longview, TX 75605 | Longview Medical Center, L.P. | Gregg County, AR |
| 34. | Northwest Medical Center Springdale<br>609 W. Maple Ave<br>Springdale, AR 72764 | Northwest Arkansas Hospitals, LLC & QHG of Springdale, Inc. | Washington County, AR |
| 35. | Willow Creek Women's Hospital<br>4301 Greathouse Springs Rd.<br>Johnson, AR 72741 | Northwest Arkansas Hospitals, LLC | Washington County, AR |
| 36. | Northwest Medical Center – Bentonville<br>3000 Medical Center Pkwy.<br>Bentonville, AR 72712 | QHG of Springdale, Inc. | Benton County, AR |
| 37. | Tennova- Newport Medical Center<br>435 Second Street<br>Newport, TN 37821 | Cocke County HMA, LLC | Cocke County, TN |
| 38. | Sparks Health System<br>1001 Towson Avenue<br>Fort Smith, AR 72901 | Fort Smith HMA, LLC | Sebastian County, AR |
| 39. | Merit Health Madison<br>161 River Oaks Drive<br>Canton, MS 39046 | Madison HMA, LLC | Madison County, MS |
| 40. | Tennova-Physicians Regional Medical Center<br>900 East Oak Hill Ave.<br>Knoxville, TN 37917 | Metro Knoxville HMA, LLC | Knox County, TN |
| 41. | Tennova- Turkey Creek Medical Center<br>10820 Parkside Drive<br>Knoxville, TN 37934 | Metro Knoxville HMA, LLC | Knox County, TN |
| 42. | Tennova- North Knoxville Medical Center<br>7565 Dannaher Drive<br>Knoxville, TN 37849 | Metro Knoxville HMA, LLC | Knox County, TN |

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 43. | Poplar Bluff Regional Medical Center<br>3100 Oak Grove Road<br>Poplar Bluff, MO 63901 | Poplar Bluff Regional Medical Center, LLC | Butler County, MO |
| 44. | Merit Health River Oaks<br>1030 River Oaks Drive<br>Flowood, MS 39232 | River Oaks Hospital, LLC | Rankin County, MS |
| 45. | Merit Health Woman's Hospital<br>1026 N. Flowood Drive2<br>Flowood, MS 39232 | ROH, LLC | Rankin County, MS |
| 46. | Davis Regional Medical Center 218 Old Mocksville Road Statesville, NC 28625 | Statesville HMA, LLC | Iredell County, NC |
| 47. | Merit Health Natchez<br>54 Seargent S Prentiss Drive<br>Natchez, MS 39120 | Natchez Hospital Company, LLC | Adams County, MS |
| 48. | Mary Black Health System-Gaffney<br>1530 N. Limestone St.<br>Gaffney, SC 29340 | Gaffney H.M.A., LLC | Cherokee County, SC |
| 49. | Mary Black Health System<br>1700 Skylyn Drive<br>Spartanburg, SC 29307 | Mary Black Health System, LLC | Spartanburg County, SC |
| 50. | Tennova Healthcare-Lebanon<br>1411 W. Baddour Parkway<br>Lebanon, TN 37087 | Lebanon HMA, LLC | Wilson County, TN |
| 51. | Laredo Medical Center<br>1700 East Saunders Street<br>Laredo, TX 78041 | Laredo Texas Hospital Company, L.P. | Webb County, TX |

[2] Including the property at 1030 N. Flowood Drive, Flowood, MS 39232.

**Mortgages with respect to Mortgaged Properties in Mortgage Tax States[3]**

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 1. | Flowers Hospital<br>4370 West Main Street<br>Dothan, AL 36305 | Triad of Alabama, LLC | Houston County, AL |
| 2. | Gadsden Regional Medical Center<br>1007 Goodyear Avenue<br>Gadsden, AL 35903 | Gadsden Regional Medical Center, LLC | Etowah County, AL |
| 3. | Medical Center Enterprise<br>400 North Edwards St.<br>Enterprise, AL 36330 | QHG of Enterprise, Inc. | Coffee County, AL |
| 4. | AllianceHealth Ponca City<br>1900 North 14th Street<br>Ponca City, OK 74601 | Kay County Oklahoma Hospital Company, LLC | Kay County, OK |
| 5. | Southern Virginia Regional Medical Center<br>727 North Main Street<br>Emporia, VA 23847 | Emporia Hospital Corporation | Greensville County, VA |
| 6. | Southampton Memorial Hospital<br>100 Fairview Drive<br>Franklin, VA 23851 | Franklin Hospital Corporation | Southampton County, VA |
| 7. | Trinity Medical Center<br>800 Montclair Road<br>Birmingham, AL 35213 (Jefferson)<br>(No longer an operating hospital)<br>and<br>Grandview Medical Center<br>3690 Grandview Parkway<br>Birmingham, AL 35243 | Affinity Hospital, LLC | Jefferson County, AL |
| 8. | Seven Rivers Regional Medical Center<br>6201 N. Suncoast Blvd.<br>Crystal River, FL 34428 | Citrus HMA, LLC | Citrus County, FL |
| 9. | Physicians Regional Medical Center (Pine Ridge)<br>6101 Pine Ridge Road<br>Naples, FL 34119 | Naples HMA, LLC | Collier County, FL |

[3] Mortgages shall not be recorded in any Mortgage Tax State with respect to Mortgaged Properties owned by any Loan Party as of the Closing Date unless a Covenant Trigger Event shall exist and the Administrative Agent shall have provided notice to the Borrower of its intent to record such Mortgages at least five Business Days in advance of such recording.

| | Property Name/Address | Record Owner | Filing Office |
|---|---|---|---|
| 10. | Physicians Regional Medical Center<br>(Collier Blvd. and MOB)<br>8300 Collier Blvd.4<br>Naples, FL 34114 | Naples HMA, LLC | Collier County, FL |
| 11. | Bayfront Health Port Charlotte<br>2500 Harbor Boulevard<br>Port Charlotte, FL 339525 | Port Charlotte HMA, LLC | Charlotte County, FL |
| 12. | Bayfront Health Punta Gorda<br>809 E. Marion Avenue<br>Punta Gorda, FL 33950 | Punta Gorda HMA, LLC | Charlotte County, FL |
| 13. | Riverside Behavioral Center<br>733 E. Olympia Ave.<br>Punta Gorda, FL 33950 | Punta Gorda HMA, LLC | Charlotte County, FL |
| 14. | Venice Regional Medical Center<br>540 The Rialto<br>Venice, FL 34285 | Venice HMA, LLC | Sarasota County, FL |
| 15. | Crestwood Medical Center<br>One Hospital Drive SW<br>Huntsville, AL 35801-6455 | Crestwood Healthcare, L.P. | Madison County, AL |

4 Including the property at 8320 Collier Boulevard, Naples, FL 34114.
5 Site also includes the following building numbers: 2370, 2380, and 2450.

INTELLECTUAL PROPERTY

PATENTS/PATENT APPLICATIONS

None.

TRADEMARKS/TRADEMARK APPLICATIONS

On file with agent

PATENT LICENSES

None.

TRADEMARK LICENSES

None.

COPYRIGHT LICENSES

None.

COMMERCIAL TORT CLAIMS

**NONE**

**Exhibit 12**

**STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**
**(DOLLARS IN MILLIONS)**

| | Three Months Ended March 31, 2018 |
|---|---|
| **Earnings** | |
| Loss from continuing operations before benefit from income taxes | $ (13) |
| Income from equity investees | (7) |
| Distributed income from equity investees | 1 |
| Interest and amortization of deferred finance costs | 228 |
| Amortization of capitalized interest | 6 |
| Implicit rental interest expense | 22 |
| **Total Earnings** | $ 237 |
| | |
| **Fixed Charges** | |
| Interest and amortization of deferred finance costs | $ 228 |
| Capitalized interest | 2 |
| Implicit rental interest expense | 22 |
| **Total Fixed Charges** | $ 252 |
| | |
| **Ratio of Earnings to Fixed Charges** | * |

* For the three months ended March 31, 2018, earnings were insufficient to cover fixed charges by approximately $15 million.

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Wayne T. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Health Systems, 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 we 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 controls 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:

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.

/s/ Wayne T. Smith
Wayne T. Smith
Chairman of the Board
and Chief Executive Officer

Date: May 2, 2018

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas J. Aaron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Health Systems, 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 we 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 controls 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:

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.

/s/ Thomas J. Aaron

Thomas J. Aaron
Executive Vice President and
Chief Financial Officer

Date: May 2, 2018

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Health Systems, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wayne T. Smith, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wayne T. Smith
Wayne T. Smith
Chairman of the Board and
Chief Executive Officer

May 2, 2018

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Health Systems, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Aaron, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas J. Aaron
Thomas J. Aaron
Executive Vice President and
Chief Financial Officer

May 2, 2018