

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-31826

**CENTENE CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**7700 Forsyth Boulevard  
St. Louis, Missouri**

(Address of principal executive offices)

**42-1406317**

(I.R.S. Employer  
Identification Number)

**63105**

(Zip Code)

Registrant's telephone number, including area code: (314) 725-4477

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
<b>Common Stock \$0.001 Par Value</b>	<b>CNC</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days  Yes  No

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

Indicate by check mark 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", "small reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of October 11, 2019, the registrant had 413,796,072 shares of common stock outstanding.

CENTENE CORPORATION  
QUARTERLY REPORT ON FORM 10-Q  
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## CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

All statements, other than statements of current or historical fact, contained in this filing are forward-looking statements. Without limiting the foregoing, forward-looking statements often use words such as “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “seek,” “target,” “goal,” “may,” “will,” “would,” “could,” “should,” “can,” “continue” and other similar words or expressions (and the negative thereof). We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with these safe-harbor provisions. In particular, these statements include, without limitation, statements about our future operating or financial performance, market opportunity, growth strategy, competition, expected activities in completed and future acquisitions, including statements about the impact of our proposed acquisition (the WellCare Transaction) of WellCare Health Plans, Inc. (WellCare), our recent acquisition (the Fidelis Care Acquisition) of substantially all the assets of New York State Catholic Health Plan, Inc., d/b/a Fidelis Care New York (Fidelis Care), investments and the adequacy of our available cash resources. These statements may be found in the various sections of this filing, such as Part I, Item 2. “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” Part II, Item 1. “*Legal Proceedings*,” and Part II, Item 1A. “*Risk Factors*.”

These forward-looking statements reflect our current views with respect to future events and are based on numerous assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, business strategies, operating environments, future developments and other factors we believe appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties and are subject to change because they relate to events and depend on circumstances that will occur in the future, including economic, regulatory, competitive and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions.

All forward-looking statements included in this filing are based on information available to us on the date of this filing. Except as may be otherwise required by law, we undertake no obligation to update or revise the forward-looking statements included in this filing, whether as a result of new information, future events or otherwise, after the date of this filing. You should not place undue reliance on any forward-looking statements, as actual results may differ materially from projections, estimates, or other forward-looking statements due to a variety of important factors, variables and events including but not limited to:

- the risk that regulatory or other approvals required for the WellCare Transaction may be delayed or not obtained or are obtained subject to conditions that are not anticipated that could require the exertion of management’s time and our resources or otherwise have an adverse effect on us;
- the possibility that certain conditions to the consummation of the WellCare Transaction will not be satisfied or completed on a timely basis and, accordingly, the WellCare Transaction may not be consummated on a timely basis or at all;
- uncertainty as to the expected financial performance of the combined company following completion of the WellCare Transaction;
- the possibility that the expected synergies and value creation from the WellCare Transaction will not be realized, or will not be realized within the expected time period;
- the exertion of management’s time and the Company’s resources, and other expenses incurred and business changes required, in connection with any regulatory, governmental or third party consents or approvals for the WellCare Transaction;
- the risk that unexpected costs will be incurred in connection with the completion and/or integration of the WellCare Transaction or that the integration of WellCare will be more difficult or time consuming than expected;
- the risk that potential litigation in connection with the WellCare Transaction may affect the timing or occurrence of the WellCare Transaction, cause it not to close at all, or result in significant costs of defense, indemnification and liability;
- unexpected costs, charges or expenses resulting from the WellCare Transaction;
- the possibility that competing offers will be made to acquire WellCare;
- the inability to retain key personnel;
- disruption from the announcement, pendency and/or completion of the WellCare Transaction, including potential adverse reactions or changes to business relationships with customers, employees, suppliers or regulators, making it more difficult to maintain business and operational relationships;
- the risk that, following the WellCare Transaction, the combined company may not be able to effectively manage its expanded operations;
- our ability to accurately predict and effectively manage health benefits and other operating expenses and reserves;
- competition;
- membership and revenue declines or unexpected trends;

- changes in healthcare practices, new technologies, and advances in medicine;
- increased healthcare costs;
- changes in economic, political or market conditions;
- changes in federal or state laws or regulations, including changes with respect to income tax reform or government healthcare programs as well as changes with respect to the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act, collectively referred to as the Affordable Care Act (ACA) and any regulations enacted thereunder that may result from changing political conditions or judicial actions, including the ultimate outcome of the District Court decision in "Texas v. United States of America" regarding the constitutionality of the ACA;
- rate cuts or other payment reductions or delays by governmental payors and other risks and uncertainties affecting our government businesses;
- our ability to adequately price products on federally facilitated and state-based Health Insurance Marketplaces;
- tax matters;
- disasters or major epidemics;
- the outcome of legal and regulatory proceedings;
- changes in expected contract start dates;
- provider, state, federal and other contract changes and timing of regulatory approval of contracts;
- the expiration, suspension, or termination of our contracts with federal or state governments (including but not limited to Medicaid, Medicare, TRICARE or other customers);
- the difficulty of predicting the timing or outcome of pending or future litigation or government investigations;
- challenges to our contract awards;
- cyber-attacks or other privacy or data security incidents;
- the possibility that the expected synergies and value creation from acquired businesses, including, without limitation, the Fidelis Care Acquisition, will not be realized, or will not be realized within the expected time period;
- the exertion of management's time and our resources, and other expenses incurred and business changes required in connection with complying with the undertakings in connection with any regulatory, governmental or third party consents or approvals for acquisitions;
- disruption caused by significant completed and pending acquisitions, including, among others, the Fidelis Care Acquisition, making it more difficult to maintain business and operational relationships;
- the risk that unexpected costs will be incurred in connection with the completion and/or integration of acquisition transactions;
- changes in expected closing dates, estimated purchase price and accretion for acquisitions;
- the risk that acquired businesses, including Fidelis Care, will not be integrated successfully;
- the risk that we may not be able to effectively manage our operations as they have expanded as a result of the Fidelis Care Acquisition;
- restrictions and limitations in connection with our indebtedness;
- our ability to maintain or achieve improvement in the Centers for Medicare and Medicaid Services (CMS) Star ratings and maintain or achieve improvement in other quality scores in each case that can impact revenue and future growth;
- availability of debt and equity financing, on terms that are favorable to us;
- inflation; and
- foreign currency fluctuations.

This list of important factors is not intended to be exhaustive. We discuss certain of these matters more fully, as well as certain other factors that may affect our business operations, financial condition and results of operations, in our filings with the Securities and Exchange Commission (SEC), including the registration statement on Form S-4 filed by Centene with the SEC on May 23, 2019, our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Item 1A. "Risk Factors" of Part II of this filing contains a further discussion of these and other important factors that could cause actual results to differ from expectations. Due to these important factors and risks, we cannot give assurances with respect to our future performance, including without limitation our ability to maintain adequate premium levels or our ability to control our future medical and selling, general and administrative costs.

**Non-GAAP Financial Presentation**

The Company is providing certain non-GAAP financial measures in this report, as the Company believes that these figures are helpful in allowing investors to more accurately assess the ongoing nature of the Company's operations and measure the Company's performance more consistently across periods. The Company uses the presented non-GAAP financial measures internally to allow management to focus on period-to-period changes in the Company's core business operations. Therefore, the Company believes that this information is meaningful in addition to the information contained in the GAAP presentation of financial information. The presentation of this additional non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP.

Specifically, the Company believes the presentation of non-GAAP financial information that excludes amortization of acquired intangible assets and acquisition related expenses, as well as other items, allows investors to develop a more meaningful understanding of the Company's performance over time. The tables below provide reconciliations of non-GAAP items (\$ in millions, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
GAAP net earnings	\$ 95	\$ 19	\$ 1,112	\$ 659
Amortization of acquired intangible assets	65	65	194	149
Acquisition related expenses	25	401	66	423
Other adjustments <sup>(1)</sup>	271	—	271	30
Income tax effects of adjustments <sup>(2)</sup>	(54)	(110)	(95)	(140)
Adjusted net earnings	\$ 402	\$ 375	\$ 1,548	\$ 1,121
GAAP diluted earnings per share (EPS)	\$ 0.23	\$ 0.05	\$ 2.65	\$ 1.68
Amortization of acquired intangible assets <sup>(3)</sup>	0.12	0.12	0.35	0.30
Acquisition related expenses <sup>(4)</sup>	0.04	0.72	0.12	0.83
Other adjustments <sup>(1)</sup>	0.57	—	0.57	0.06
Adjusted Diluted EPS	\$ 0.96	\$ 0.89	\$ 3.69	\$ 2.87

(1) Other adjustments include the 2019 non-cash goodwill and intangible asset impairment of \$271 million and the 2018 impact of retroactive changes to the California minimum medical loss ratio (MLR) of \$30 million of expense. The impairment is net of an income tax benefit of \$0.08 per diluted share for the three and nine months ended September 30, 2019. The California minimum MLR adjustment is net of an income tax benefit of \$0.02 per diluted share for the nine months ended September 30, 2018.

(2) The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment.

(3) The amortization of acquired intangible assets per diluted share is net of an income tax benefit of \$0.03 and \$0.11 for the three and nine months ended September 30, 2019, respectively, and \$0.03 and \$0.09 for the three and nine months ended September 30, 2018, respectively.

(4) Acquisition related expenses per diluted share are net of an income tax benefit of \$0.02 and \$0.04 for the three and nine months ended September 30, 2019, respectively, and \$0.23 and \$0.25 for the three and nine months ended September 30, 2018, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
GAAP selling, general and administrative expenses	\$ 1,617	\$ 1,934	\$ 4,800	\$ 4,487
Acquisition related expenses	23	399	61	421
Adjusted selling, general and administrative expenses	\$ 1,594	\$ 1,535	\$ 4,739	\$ 4,066

**PART I  
FINANCIAL INFORMATION**

**ITEM 1. Financial Statements.**

**CENTENE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In millions, except shares in thousands and per share data in dollars)**

	September 30, 2019 (Unaudited)	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,215	\$ 5,342
Premium and trade receivables	5,606	5,150
Short-term investments	804	722
Other current assets	832	784
Total current assets	13,457	11,998
Long-term investments	7,915	6,861
Restricted deposits	655	555
Property, software and equipment, net	1,993	1,706
Goodwill	6,872	7,015
Intangible assets, net	2,086	2,239
Other long-term assets	1,274	527
Total assets	\$ 34,252	\$ 30,901
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Medical claims liability	\$ 7,975	\$ 6,831
Accounts payable and accrued expenses	4,010	4,051
Return of premium payable	848	666
Unearned revenue	381	385
Current portion of long-term debt	66	38
Total current liabilities	13,280	11,971
Long-term debt	6,975	6,648
Other long-term liabilities	1,561	1,259
Total liabilities	21,816	19,878
Commitments and contingencies		
Redeemable noncontrolling interests	31	10
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 10,000 shares; no shares issued or outstanding at September 30, 2019 and December 31, 2018	—	—
Common stock, \$0.001 par value; authorized 800,000 shares; 419,667 issued and 413,793 outstanding at September 30, 2019, and 417,695 issued and 412,478 outstanding at December 31, 2018	—	—
Additional paid-in capital	7,571	7,449
Accumulated other comprehensive earnings (loss)	145	(56)
Retained earnings	4,775	3,663
Treasury stock, at cost (5,874 and 5,217 shares, respectively)	(180)	(139)
Total Centene stockholders' equity	12,311	10,917
Nonredeemable Noncontrolling interest	94	96
Total stockholders' equity	12,405	11,013
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$ 34,252	\$ 30,901

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**CENTENE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except shares in thousands and per share data in dollars)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Premium	\$ 17,472	\$ 14,623	\$ 50,229	\$ 38,639
Service	743	732	2,123	2,147
Premium and service revenues	18,215	15,355	52,352	40,786
Premium tax and health insurer fee	761	827	3,424	2,771
Total revenues	18,976	16,182	55,776	43,557
<b>Expenses:</b>				
Medical costs	15,406	12,626	43,642	33,045
Cost of services	619	622	1,778	1,823
Selling, general and administrative expenses	1,617	1,934	4,800	4,487
Amortization of acquired intangible assets	65	65	194	149
Premium tax expense	822	716	3,587	2,451
Health insurer fee expense	—	178	—	532
Goodwill and intangible impairment	271	—	271	—
Total operating expenses	18,800	16,141	54,272	42,487
Earnings from operations	176	41	1,504	1,070
<b>Other income (expense):</b>				
Investment and other income	98	80	317	186
Interest expense	(99)	(97)	(299)	(245)
Earnings from operations, before income tax expense	175	24	1,522	1,011
Income tax expense	79	8	415	358
Net earnings	96	16	1,107	653
<b>(Earnings) loss attributable to noncontrolling interests</b>	<b>(1)</b>	<b>3</b>	<b>5</b>	<b>6</b>
<b>Net earnings attributable to Centene Corporation</b>	<b>\$ 95</b>	<b>\$ 19</b>	<b>\$ 1,112</b>	<b>\$ 659</b>
<b>Net earnings per common share attributable to Centene Corporation:</b>				
Basic earnings per common share	\$ 0.23	\$ 0.05	\$ 2.69	\$ 1.72
Diluted earnings per common share	\$ 0.23	\$ 0.05	\$ 2.65	\$ 1.68
<b>Weighted average number of common shares outstanding:</b>				
Basic	413,616	410,591	413,302	383,257
Diluted	419,956	419,043	419,700	391,266

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**CENTENE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**  
(In millions)  
(Unaudited)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net earnings	\$ 96	\$ 16	\$ 1,107	\$ 653
Reclassification adjustment, net of tax	(1)	1	—	1
Change in unrealized gain (loss) on investments, net of tax	34	(12)	208	(75)
Foreign currency translation adjustments	(7)	(1)	(7)	(2)
Other comprehensive earnings (loss)	26	(12)	201	(76)
Comprehensive earnings	122	4	1,308	577
Comprehensive (earnings) loss attributable to noncontrolling interests	(1)	3	5	6
Comprehensive earnings attributable to Centene Corporation	<u>\$ 121</u>	<u>\$ 7</u>	<u>\$ 1,313</u>	<u>\$ 583</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.



**CENTENE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In millions, except shares in thousands and per share data in dollars)  
(Unaudited)  
**Nine Months Ended September 30, 2019**

	Centene Stockholders' Equity									Total
	Common Stock			Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock		Non-redeemable Non- controlling Interest		
	\$0.001 Par Value Shares	Amt	Additional Paid-in Capital			\$0.01 Par Value Shares	Amt			
Balance, December 31, 2018	417,695	\$ —	\$ 7,449	\$ (56)	\$ 3,663	5,217	\$ (139)	\$ 96	\$ 11,013	
Comprehensive Earnings:										
Net earnings (loss)	—	—	—	—	522	—	—	(2)	520	
Other comprehensive earnings, net of \$30 tax	—	—	—	94	—	—	—	—	94	
Common stock issued for employee benefit plans	1,363	—	4	—	—	—	—	—	4	
Common stock repurchases	—	—	—	—	—	536	(35)	—	(35)	
Stock compensation expense	—	—	38	—	—	—	—	—	38	
Balance, March 31, 2019	419,058	\$ —	\$ 7,491	\$ 38	\$ 4,185	5,753	\$ (174)	\$ 94	\$ 11,634	
Comprehensive Earnings:										
Net earnings	—	—	—	—	495	—	—	—	495	
Other comprehensive earnings, net of \$25 tax	—	—	—	81	—	—	—	—	81	
Common stock issued for employee benefit plans	261	—	6	—	—	—	—	—	6	
Common stock repurchases	—	—	—	—	—	39	(2)	—	(2)	
Stock compensation expense	—	—	34	—	—	—	—	—	34	
Balance, June 30, 2019	419,319	\$ —	\$ 7,531	\$ 119	\$ 4,680	5,792	\$ (176)	\$ 94	\$ 12,248	
Comprehensive Earnings:										
Net earnings	—	—	—	—	95	—	—	—	95	
Other comprehensive earnings, net of \$11 tax	—	—	—	26	—	—	—	—	26	
Common stock issued for employee benefit plans	348	—	6	—	—	—	—	—	6	
Common stock repurchases	—	—	—	—	—	82	(4)	—	(4)	
Stock compensation expense	—	—	34	—	—	—	—	—	34	
Balance, September 30, 2019	419,667	\$ —	\$ 7,571	\$ 145	\$ 4,775	5,874	\$ (180)	\$ 94	\$ 12,405	

The accompanying notes to the consolidated financial statements are an integral part of this statement.

**CENTENE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In millions, except shares in thousands and per share data in dollars)  
(Unaudited)  
**Nine Months Ended September 30, 2018**

	Centene Stockholders' Equity									Total
	Common Stock			Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock		Non-redeemable Non- controlling Interest		
	\$0.001 Par Value Shares	Amt	Additional Paid-in Capital			\$0.001 Par Value Shares	Amt			
Balance, December 31, 2017	360,758	\$ —	\$ 4,349	\$ (3)	\$ 2,748	13,884	\$ (244)	\$ 14	\$ 6,864	
Comprehensive Earnings:										
Net earnings	—	—	—	—	340	—	—	1	341	
Other comprehensive loss, net of (\$16) tax	—	—	—	(51)	—	—	—	—	(51)	
Common stock issued for acquisitions	—	—	210	—	—	(6,351)	114	—	324	
Common stock issued for employee benefit plans	529	—	4	—	—	—	—	—	4	
Common stock repurchases	—	—	—	—	—	165	(9)	—	(9)	
Stock compensation expense	—	—	33	—	—	—	—	—	33	
Cumulative-effect of accounting guidance	—	—	—	—	16	—	—	—	16	
Purchase of noncontrolling interests	—	—	(4)	—	—	—	—	—	(4)	
Acquisition resulting in noncontrolling interests	—	—	—	—	—	—	—	62	62	
Balance, March 31, 2018	361,287	\$ —	\$ 4,592	\$ (54)	\$ 3,104	7,698	\$ (139)	\$ 77	\$ 7,580	
Comprehensive Earnings:										
Net earnings	—	—	—	—	300	—	—	—	300	
Other comprehensive loss, net of (\$3) tax	—	—	—	(13)	—	—	—	—	(13)	
Common stock issued for acquisitions	—	—	121	—	—	(3,437)	62	—	183	
Common stock issued for stock offering	53,209	—	2,779	—	—	—	—	—	2,779	
Common stock issued for employee benefit plans	330	—	4	—	—	—	—	—	4	
Common stock repurchases	—	—	—	—	—	71	(4)	—	(4)	
Stock compensation expense	—	—	35	—	—	—	—	—	35	
Cumulative-effect of accounting guidance	—	—	—	—	(1)	—	—	—	(1)	
Purchase of noncontrolling interests	—	—	(177)	—	—	—	—	—	(177)	
Acquisition resulting in noncontrolling interests	—	—	—	—	—	—	—	10	10	
Balance, June 30, 2018	414,826	\$ —	\$ 7,354	\$ (67)	\$ 3,403	4,332	\$ (81)	\$ 87	\$ 10,696	
Comprehensive Earnings:										
Net earnings (loss)	—	—	—	—	19	—	—	(4)	15	
Other comprehensive loss, net of (\$4) tax	—	—	—	(12)	—	—	—	—	(12)	
Common stock issued for employee benefit plans	274	—	4	—	—	—	—	—	4	
Common stock repurchases	—	—	—	—	—	60	(4)	—	(4)	
Stock compensation expense	—	—	37	—	—	—	—	—	37	
Contribution from noncontrolling interest	—	—	—	—	—	—	—	3	3	
Purchase of noncontrolling interests	—	—	—	—	—	—	—	(15)	(15)	
Acquisition resulting in noncontrolling interests	—	—	—	—	—	—	—	26	26	
Balance, September 30, 2018	415,100	\$ —	\$ 7,395	\$ (79)	\$ 3,422	4,392	\$ (85)	\$ 97	\$ 10,750	

The accompanying notes to the consolidated financial statements are an integral part of this statement.

**CENTENE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions, unaudited)

	Nine Months Ended September 30,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 1,107	\$ 653
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	475	354
Stock compensation expense	106	105
Goodwill and intangible impairment	271	—
Deferred income taxes	(75)	(103)
Changes in assets and liabilities		
Premium and trade receivables	(319)	(696)
Other assets	(14)	65
Medical claims liabilities	1,091	1,380
Unearned revenue	(10)	(150)
Accounts payable and accrued expenses	(552)	35
Other long-term liabilities	68	199
Other operating activities, net	(14)	26
Net cash provided by operating activities	<u>2,134</u>	<u>1,868</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(530)	(489)
Purchases of investments	(2,074)	(2,691)
Sales and maturities of investments	1,247	1,575
Acquisitions, net of cash acquired	(31)	(1,958)
Net cash used in investing activities	<u>(1,388)</u>	<u>(3,563)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from the issuance of common stock	—	2,779
Proceeds from long-term debt	12,456	5,480
Payments of long-term debt	(12,293)	(3,692)
Common stock repurchases	(41)	(17)
Purchase of noncontrolling interest	—	(63)
Debt issuance costs	(6)	(25)
Other financing activities, net	12	(2)
Net cash provided by financing activities	<u>128</u>	<u>4,460</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4	—
Net increase in cash, cash equivalents and restricted cash and cash equivalents	<u>878</u>	<u>2,765</u>
<b>Cash, cash equivalents, and restricted cash and cash equivalents, beginning of period</b>	<u>5,350</u>	<u>4,089</u>
<b>Cash, cash equivalents, and restricted cash and cash equivalents, end of period</b>	<u>\$ 6,228</u>	<u>\$ 6,854</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	\$ 213	\$ 213
Income taxes paid	\$ 511	\$ 340
Equity issued in connection with acquisitions	\$ —	\$ 507

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents reported within the Consolidated Balance Sheets to the totals above:

	September 30,	
	2019	2018
Cash and cash equivalents	\$ 6,215	6,847
Restricted cash and cash equivalents, included in restricted deposits	13	7
Total cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 6,228</u>	<u>\$ 6,854</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**CENTENE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Organization and Operations**

***Basis of Presentation***

The accompanying interim financial statements have been prepared under the presumption that users of the interim financial information have either read or have access to the audited financial statements included in the Form 10-K for the fiscal year ended December 31, 2018. The unaudited interim financial statements herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, footnote disclosures that would substantially duplicate the disclosures contained in the December 31, 2018 audited financial statements have been omitted from these interim financial statements, where appropriate. In the opinion of management, these financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of the interim periods presented.

Certain 2018 amounts in the consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on net earnings or stockholders' equity as previously reported.

On December 12, 2018, our Board of Directors declared a two-for-one split of our common stock in the form of a 100% stock dividend distributed on February 6, 2019 to stockholders of record as of December 24, 2018. All historical share and per share information presented in this Form 10-Q has been adjusted for the two-for-one stock split.

***Recently Adopted Accounting Guidance***

In February 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) that introduces a lessee model that requires the majority of leases to be recognized on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in Accounting Standards Codification 606, the FASB's new revenue recognition standard, and addresses other concerns related to the current lessee model. The standard also requires lessors to increase the transparency of their exposure to changes in value of their residual assets and how they manage that exposure. The Company adopted the new guidance in the first quarter of 2019 using the modified retrospective transition approach. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allows an entity to not reassess lease classification for existing leases. The impact of the new guidance is further discussed in Note 8. *Leases*.

In January 2017, the FASB issued an ASU simplifying the test for goodwill impairment. The amendments in this ASU eliminate Step 2 from the goodwill impairment test. Thus, an entity will no longer be required to compare the implied fair value of a reporting unit's goodwill to its carrying amount. Instead, under the new guidance, an entity should perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the fair value. The impairment charge should be limited to the total amount of goodwill allocated to that reporting unit. Under the new guidance, an entity still has the option to first perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The new standard is effective for an entity's annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company adopted the new guidance in the third quarter of 2019. The Company has an immaterial amount of goodwill at reporting units with negative carrying value.

In March 2017, the FASB issued an ASU that changes the period over which premiums on callable debt securities are amortized. The new standard requires the premiums on callable debt securities to be amortized to the earliest call date rather than to the contractual maturity date of the instrument. The new guidance more closely aligns the amortization period of premiums to expectations incorporated in the market pricing on the underlying securities. The Company adopted the new guidance in the first quarter of 2019. The new guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In August 2017, the FASB issued an ASU that amends the hedge accounting model to enable entities to better align the economics of risk management activities and financial reporting. In addition, the new standard enhances the understandability of hedge results and simplifies the application of hedge accounting in certain situations. The Company adopted the new guidance in the first quarter of 2019. The new guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

**Accounting Guidance Not Yet Adopted**

In June 2016, the FASB issued an ASU which changes how entities will measure credit losses for most financial assets and certain other investments that are not measured at fair value through net income. The ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The amended guidance requires the measurement of all expected credit losses for financial assets (or groups of financial assets) and available for sale debt securities held at the reporting date over the remaining life based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective for annual and interim periods beginning after December 15, 2019. The Company is evaluating its portfolio of financial instruments for compliance with the amended guidance. The new guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

**2. Acquisitions**

***WellCare Transaction***

On March 26, 2019, the Company entered into an Agreement and Plan of Merger (the Merger Agreement) with Wellington Merger Sub I, Inc., a direct, wholly owned subsidiary of the Company (Merger Sub I), Wellington Merger Sub II, Inc., a direct, wholly owned subsidiary of the Company (Merger Sub II), and WellCare, providing for (i) the merger of Merger Sub I with and into WellCare (the First Merger), with WellCare continuing as the surviving corporation of the First Merger and a direct, wholly owned subsidiary of the Company (the Surviving Corporation), and (ii) immediately after the effective time of the First Merger (the First Effective Time), the merger of the Surviving Corporation with and into Merger Sub II (the Second Merger), with Merger Sub II continuing as the surviving corporation of the Second Merger and a direct, wholly owned subsidiary of the Company. At the First Effective Time, each share of common stock of WellCare issued and outstanding immediately prior to the First Effective Time will be automatically canceled and converted into the right to receive 3.38 of validly issued, fully paid and nonassessable shares of Centene common stock and \$120.00 in cash, without interest. The WellCare transaction is valued at approximately \$17.3 billion, including existing WellCare debt (based on the Centene closing stock price of \$57.05 on March 25, 2019).

In June 2019, the Company and WellCare announced the transaction was approved by both the Centene and WellCare shareholders. The WellCare Transaction has recently received approvals from insurance and healthcare departments in Arizona, Connecticut, Georgia, New York, Ohio and Texas, bringing the total number of approvals to 25 states. Completion of the WellCare transaction remains subject to clearance under the Hart-Scott-Rodino Act, receipt of required state regulatory approvals and other customary closing conditions. The transaction is expected to close by the first half of 2020.

In September 2019, the Company and WellCare announced a subsidiary of WellCare had entered into a definitive agreement under which Anthem, Inc. (Anthem) will acquire WellCare's Missouri and Nebraska Medicaid plans. The closing of the transaction with Anthem is subject to U.S. federal antitrust clearance, receipt of Missouri and Nebraska state regulatory approvals and other customary closing conditions, as well as the closing of the WellCare Transaction.

***Fidelis Care Acquisition***

On July 1, 2018, the Company acquired substantially all of the assets of Fidelis Care for approximately \$3.6 billion of cash consideration, including a working capital adjustment. The Fidelis Care acquisition expanded the Company's scale and presence to New York State.

The acquisition of Fidelis Care was accounted for as a business combination using the acquisition method of accounting that requires assets acquired and liabilities assumed to be recognized at fair value as of the acquisition date. The valuation of all assets acquired and liabilities assumed was finalized in the second quarter of 2019.

The Company's allocation of the fair value of assets acquired and liabilities assumed as of the acquisition date of July 1, 2018 is as follows (\$ in millions):

<b>Assets acquired and liabilities assumed</b>	
Cash and cash equivalents	\$ 2,001
Premium and related receivables	442
Other current assets	32
Restricted deposits	495
Property, software and equipment, net	48
Intangible assets <sup>(a)</sup>	956
Other long-term assets	2
<b>Total assets acquired</b>	<b>3,976</b>
<b>Medical claims liability</b>	<b>1,218</b>
Accounts payable and accrued expenses	238
Return of premium payable	123
Unearned revenue	115
Other long-term liabilities	324
<b>Total liabilities assumed</b>	<b>2,018</b>
<b>Total identifiable net assets</b>	<b>1,958</b>
<b>Goodwill <sup>(b)</sup></b>	<b>1,663</b>
<b>Total assets acquired and liabilities assumed</b>	<b>\$ 3,621</b>

Significant fair value adjustments are noted as follows:

- (a) The identifiable intangible assets acquired are to be measured at fair value as of the completion of the acquisition. The fair value of intangible assets is determined primarily using variations of the "income approach," which is based on the present value of the future after tax cash flows attributable to each identified intangible asset. Other valuation methods, including the market approach and cost approach, were also considered in estimating the fair value. The Company has estimated the fair value of intangible assets to be \$956 million with a weighted average life of 13 years. The identifiable intangible assets include customer relationships, trade names, provider contracts and developed technologies.

The fair values and weighted average useful lives for identifiable intangible assets acquired are as follows:

	<b>Fair Value</b>	<b>Weighted Average Useful Life (in years)</b>
Customer relationships	\$ 711	11
Trade name	196	20
Provider contracts	33	15
Developed technologies	16	2
<b>Total intangible assets acquired</b>	<b>\$ 956</b>	<b>13</b>

- (b) The acquisition resulted in \$1.7 billion of goodwill related primarily to synergies expected from the acquisition and the assembled workforce of Fidelis Care. All of the goodwill has been assigned to the Managed Care segment. The goodwill is deductible for income tax purposes.

### 3. Short-term and Long-term Investments, Restricted Deposits

Short-term and long-term investments and restricted deposits by investment type consist of the following (\$ in millions):

	September 30, 2019				December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 221	\$ 1	\$ —	\$ 222	\$ 362	\$ 1	\$ (2)	\$ 361
Corporate securities	3,705	110	(5)	3,810	3,190	8	(52)	3,146
Restricted certificates of deposit	479	—	—	479	433	—	—	433
Restricted cash equivalents	13	—	—	13	8	—	—	8
Municipal securities	2,342	73	(1)	2,414	2,196	9	(18)	2,187
Asset-backed securities	724	6	—	730	686	1	(4)	683
Residential mortgage-backed securities	486	9	(2)	493	452	1	(9)	444
Commercial mortgage-backed securities	416	13	—	429	366	1	(6)	361
Private equity investments	643	—	—	643	387	—	—	387
Life insurance contracts	141	—	—	141	128	—	—	128
Total	\$ 9,170	\$ 212	\$ (8)	\$ 9,374	\$ 8,208	\$ 21	\$ (91)	\$ 8,138

The Company's investments are debt securities classified as available-for-sale with the exception of life insurance contracts and certain private equity investments. The Company's investment policies are designed to provide liquidity, preserve capital and maximize total return on invested assets with the focus on high credit quality securities. The Company limits the size of investment in any single issuer other than U.S. treasury securities and obligations of U.S. government corporations and agencies. As of September 30, 2019, 97% of the Company's investments in rated securities carry an investment grade rating by nationally recognized statistical rating organizations. At September 30, 2019, the Company held certificates of deposit, life insurance contracts and private equity investments that did not carry a credit rating.

The Company's residential mortgage-backed securities are primarily issued by the Federal National Mortgage Association, Government National Mortgage Association or Federal Home Loan Mortgage Corporation, which carry implicit or explicit guarantees of the U.S. government. The Company's commercial mortgage-backed securities are primarily senior tranches with a weighted average rating of AA+ and a weighted average duration of 4 years at September 30, 2019.

The fair value of available-for-sale debt securities with gross unrealized losses by investment type and length of time that individual securities have been in a continuous unrealized loss position were as follows (\$ in millions):

	September 30, 2019				December 31, 2018			
	Less Than 12 Months		12 Months or More		Less Than 12 Months		12 Months or More	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ —	\$ 39	\$ —	\$ 56	\$ —	\$ 59	\$ (2)	\$ 202
Corporate securities	(3)	249	(2)	110	(27)	1,389	(25)	871
Municipal securities	(1)	120	—	18	(4)	591	(14)	806
Asset-backed securities	—	123	—	125	(2)	318	(2)	168
Residential mortgage-backed securities	—	42	(2)	103	(1)	61	(8)	233
Commercial mortgage-backed securities	—	56	—	43	(2)	137	(4)	140
Total	\$ (4)	\$ 629	\$ (4)	\$ 455	\$ (36)	\$ 2,555	\$ (55)	\$ 2,420

As of September 30, 2019, the gross unrealized losses were generated from 765 positions out of a total of 4,503 positions. The change in fair value of fixed income securities is primarily a result of movement in interest rates subsequent to the purchase of the security.

For each security in an unrealized loss position, the Company assesses whether it intends to sell the security or if it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If the security meets this criterion, the decline in fair value is other-than-temporary and is recorded in earnings. The Company does not intend to sell these securities prior to maturity and it is not likely that the Company will be required to sell these securities prior to maturity; therefore, there is no indication of other-than-temporary impairment for these securities.

The contractual maturities of short-term and long-term investments and restricted deposits are as follows (\$ in millions):

	September 30, 2019				December 31, 2018			
	Investments		Restricted Deposits		Investments		Restricted Deposits	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	\$ 710	\$ 711	\$ 545	\$ 545	\$ 647	\$ 646	\$ 205	\$ 205
One year through five years	3,137	3,205	109	110	3,026	2,998	351	350
Five years through ten years	2,962	3,068	—	—	2,387	2,362	—	—
Greater than ten years	81	83	—	—	88	89	—	—
Asset-backed securities	1,626	1,652	—	—	1,504	1,488	—	—
Total	\$ 8,516	\$ 8,719	\$ 654	\$ 655	\$ 7,652	\$ 7,583	\$ 556	\$ 555

Actual maturities may differ from contractual maturities due to call or prepayment options. Private equity investments and life insurance contracts are included in the five years through ten years category. Residential mortgage-backed securities and commercial mortgage-backed securities are included in the asset-backed securities category. The Company has an option to redeem at amortized cost substantially all of the securities included in the greater than ten years category listed above.

The Company continuously monitors investments for other-than-temporary impairment. Certain investments have experienced a decline in fair value due to changes in credit quality, market interest rates and/or general economic conditions. The Company recognizes an impairment loss for investments when evidence demonstrates that it is other-than-temporarily impaired. Evidence of a loss in value that is other-than-temporary may include the absence of an ability to recover the carrying amount of the investment or the inability of the investee to sustain a level of earnings that would justify the carrying amount of the investment.

#### 4. Fair Value Measurements

Assets and liabilities recorded at fair value in the Consolidated Balance Sheets are categorized based upon observable or unobservable inputs used to estimate fair value. Level inputs are as follows:

Level Input:	Input Definition:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.



The following table summarizes fair value measurements by level at September 30, 2019, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	Level I	Level II	Level III	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 6,215	\$ —	\$ —	\$ 6,215
Investments available for sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 85	\$ —	\$ —	\$ 85
Corporate securities	—	3,792	—	3,792
Municipal securities	—	2,406	—	2,406
Asset-backed securities	—	730	—	730
Residential mortgage-backed securities	—	493	—	493
Commercial mortgage-backed securities	—	429	—	429
Total investments	\$ 85	\$ 7,850	\$ —	\$ 7,935
Restricted deposits available for sale:				
Cash and cash equivalents	\$ 13	\$ —	\$ —	\$ 13
Certificates of deposit	—	479	—	479
Corporate securities	—	18	—	\$ 18
Municipal securities	—	8	—	8
U.S. Treasury securities and obligations of U.S. government corporations and agencies	137	—	—	137
Total restricted deposits	\$ 150	\$ 505	\$ —	\$ 655
Other long-term assets:				
Interest rate swap agreements	\$ —	\$ 13	\$ —	\$ 13
Total assets at fair value	\$ 6,450	\$ 8,368	\$ —	\$ 14,818
<b>Liabilities</b>				
Other long-term liabilities:				
Interest rate swap agreements	\$ —	\$ 11	\$ —	\$ 11
Total liabilities at fair value	\$ —	\$ 11	\$ —	\$ 11

The following table summarizes fair value measurements by level at December 31, 2018, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	Level I	Level II	Level III	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 5,342	\$ —	\$ —	\$ 5,342
Investments available for sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 247	\$ —	\$ —	\$ 247
Corporate securities	—	3,146	—	3,146
Municipal securities	—	2,187	—	2,187
Asset-backed securities	—	683	—	683
Residential mortgage-backed securities	—	444	—	444
Commercial mortgage-backed securities	—	361	—	361
Total investments	\$ 247	\$ 6,821	\$ —	\$ 7,068
Restricted deposits available for sale:				
Cash and cash equivalents	\$ 8	\$ —	\$ —	\$ 8
Certificates of deposit	—	433	—	433
U.S. Treasury securities and obligations of U.S. government corporations and agencies	114	—	—	114
Total restricted deposits	\$ 122	\$ 433	\$ —	\$ 555
Total assets at fair value	\$ 5,711	\$ 7,254	\$ —	\$ 12,965
<b>Liabilities</b>				
Other long-term liabilities:				
Interest rate swap agreements	\$ —	\$ 95	\$ —	\$ 95
Total liabilities at fair value	\$ —	\$ 95	\$ —	\$ 95

The Company utilizes matrix-pricing services to estimate fair value for securities that are not actively traded on the measurement date. The Company designates these securities as Level II fair value measurements. In addition, the aggregate carrying amount of the Company's life insurance contracts and other private equity investments, which approximates fair value, was \$784 million and \$515 million as of September 30, 2019 and December 31, 2018, respectively.

## 5. Medical Claims Liability

The following table summarizes the change in medical claims liability (\$ in millions):

	Nine Months Ended September 30,	
	2019	2018
Balance, January 1	\$ 6,831	\$ 4,286
Less: Reinsurance recoverable	27	18
Balance, January 1, net	6,804	4,268
Acquisitions and purchase accounting adjustments	57	1,319
Incurring related to:		
Current year	44,283	33,465
Prior years	(641)	(420)
Total incurred	43,642	33,045
Paid related to:		
Current year	36,972	28,194
Prior years	5,577	3,485
Total paid	42,549	31,679
Balance at September 30, net	7,954	6,953
Plus: Reinsurance recoverable	21	30
Balance, September 30	\$ 7,975	\$ 6,983

Reinsurance recoverables related to medical claims are included in premium and trade receivables. Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. Additionally, as a result of development within "Incurred related to: Prior years" due to minimum health benefits ratio (HBR) and other return of premium programs, we recorded \$64 million and \$23 million as a reduction from premium revenues in the nine months ended September 30, 2019 and 2018, respectively.

Incurred but not reported (IBNR) plus expected development on reported claims as of September 30, 2019 was \$5,769 million. Total IBNR plus expected development on reported claims represents estimates for claims incurred but not reported, development on reported claims, and estimates for the costs necessary to process unpaid claims at the end of each period. We estimate our liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services and other relevant factors.

## 6. Affordable Care Act

The Affordable Care Act contains risk spreading premium stabilization programs as well as a minimum annual MLR and cost sharing reductions. The Company's net receivables (payables) for each of the ongoing programs are as follows (\$ in millions):

	September 30, 2019	December 31, 2018
Risk adjustment	\$ (727)	\$ (928)
Minimum MLR	(301)	(265)
Cost sharing reductions	73	(50)

On June 28, 2019, the Centers for Medicare and Medicaid Services (CMS) announced the final risk adjustment transfers for the 2018 benefit year. As a result of the announcement, the Company reduced its risk adjustment net payables by \$238 million from December 31, 2018. After consideration of minimum MLR, Risk Adjustment Data Validation (RADV) audit results, and other related impacts, the net pre-tax benefit recognized was approximately \$131 million recorded in the second quarter of 2019.

## 7. Debt

Debt consists of the following (\$ in millions):

	September 30, 2019	December 31, 2018
\$1,400 million 5.625% Senior notes, due February 15, 2021	\$ 1,400	\$ 1,400
\$1,000 million 4.75% Senior notes, due May 15, 2022	1,004	1,005
\$1,000 million 6.125% Senior notes, due February 15, 2024	1,000	1,000
\$1,200 million 4.75% Senior notes, due January 15, 2025	1,200	1,200
\$1,800 million 5.375% Senior notes, due June 1, 2026	1,800	1,800
Fair value of interest rate swap agreements	2	(95)
Total senior notes	6,406	6,310
Revolving credit agreement	415	284
Mortgage notes payable	55	57
Construction loan payable	119	63
Finance leases and other	112	47
Debt issuance costs	(66)	(75)
Total debt	7,041	6,686
Less current portion	(66)	(38)
Long-term debt	\$ 6,975	\$ 6,648

### Revolving Credit Agreement and Term Loan Credit Facility

In May 2019, the Company amended and restated its existing credit agreement (Revolving Credit Facility) to, among other things, increase the revolving commitments thereunder from \$1,500 million to \$2,000 million. The agreement has a maturity date of May 7, 2024. At the Company's option, borrowings under the credit agreement will bear interest at LIBOR, EURIBOR, CDOR, BBR or base rates plus, in each case, an applicable margin.

In September 2019, the Company amended and restated its existing credit agreement to provide a new \$1,450 million unsecured delayed-draw term loan facility (Term Loan Facility) in addition to the existing \$2,000 million Revolving Credit Facility. At the Company's option, borrowings under the Term Loan Facility bears interest at LIBOR or base rates plus, in each case, an applicable margin. The Term Loan Facility will mature on September 11, 2022.

In October 2019, the Company borrowed \$1,450 million under the Term Loan Facility. The proceeds of the Term Loan Facility were used to fund the redemption of senior notes discussed below and pay fees and expenses in connection therewith, with any remaining proceeds to be used for general corporate purposes.

### Senior Note Redemption

In October 2019, the Company redeemed the outstanding principal balance on the \$1,400 million 5.625% Senior Notes due February 15, 2021, plus applicable premium for early redemption and accrued and unpaid interest through the redemption date. The Company recognized a pre-tax loss on extinguishment of \$30 million on the redemption of the \$1,400 million 5.625% Senior Notes in the fourth quarter of 2019, including the call premium, the write-off of unamortized debt issuance costs and a loss on the termination of the \$600 million interest rate swap agreement associated with the notes.

## 8. Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which introduced a lessee model that requires the majority of leases to be recognized on the balance sheet. On January 1, 2019, the Company adopted the ASU using the modified retrospective transition approach and elected the transition option to recognize the adjustment in the period of adoption rather than in the earliest period presented. Adoption of the new guidance resulted in the initial recognition of right-of-use (ROU) assets of \$661 million, ROU lease liabilities of \$774 million and the elimination of \$113 million of straight-line lease liabilities.

The Company records ROU assets and liabilities for non-cancelable operating leases primarily for real estate and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Expense related to leases is recorded on a straight-line basis over the lease term, including rent holidays. During the three and nine months ended September 30, 2019, the Company recognized operating lease expense of \$50 million and \$150 million, respectively.

The following table sets forth the ROU assets and liabilities as of September 30, 2019 (\$ in millions):

	<b>September 30, 2019</b>	
<b>Assets</b>		
ROU assets (recorded within other long-term assets)	\$	656
<b>Liabilities</b>		
Short-term (recorded within accounts payable and accrued expenses)	\$	157
Long-term (recorded within other long-term liabilities)		620
Total ROU liabilities	\$	777

During the three and nine months ended September 30, 2019, the Company reduced its ROU liabilities by \$54 million and \$171 million, respectively, for cash paid. In addition, during the three and nine months ended September 30, 2019, new operating leases commenced resulting in the recognition of ROU assets and liabilities of \$63 million and \$114 million, respectively. As of September 30, 2019, the Company had additional operating leases that have not yet commenced of \$287 million, which included three significant leases executed during the third quarter. These operating leases will commence in 2019 and 2020 with lease terms of 1 year to 16 years.

As of September 30, 2019, the weighted average remaining lease term of the Company's operating leases was 6.7 years. The ROU liabilities as of September 30, 2019 reflect a weighted average discount rate of 4.5%. Lease payments over the next five years and thereafter are as follows (\$ in millions):

	<b>September 30, 2019</b>	
2019	\$	40
2020		199
2021		161
2022		121
2023		92
2024		71
Thereafter		211
Total lease payments		895
Less: imputed interest		(118)
Total ROU liabilities	\$	777

The following discussion relates to the Company's lease accounting policy under ASC Topic 840 for the year ended December 31, 2018. Annual noncancellable minimum lease payments over the next five years and thereafter were as follows (\$ in millions):

	<b>December 31, 2018</b>	
2019	\$	174
2020		176
2021		145
2022		101
2023		71
Thereafter		200
Total lease payments	\$	867

## 9. Earnings Per Share

The following table sets forth the calculation of basic and diluted net earnings per common share (\$ in millions, except per share data in dollars and shares in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Earnings attributable to Centene Corporation	\$ 95	\$ 19	\$ 1,112	\$ 659
Shares used in computing per share amounts:				
Weighted average number of common shares outstanding	413,616	410,591	413,302	383,257
Common stock equivalents (as determined by applying the treasury stock method)	6,340	8,452	6,398	8,009
Weighted average number of common shares and potential dilutive common shares outstanding	419,956	419,043	419,700	391,266
Net earnings per common share attributable to Centene Corporation:				
Basic earnings per common share	\$ 0.23	\$ 0.05	\$ 2.69	\$ 1.72
Diluted earnings per common share	\$ 0.23	\$ 0.05	\$ 2.65	\$ 1.68

The calculation of diluted earnings per common share for the three and nine months ended September 30, 2019 excludes the impact of 1.5 million and 1.4 million shares, respectively, related to anti-dilutive stock options, restricted stock and restricted stock units.

The calculation of diluted earnings per common share for the three and nine months ended September 30, 2018 excludes the impact of 20 thousand and 53 thousand shares, respectively, related to anti-dilutive stock options, restricted stock and restricted stock units.

## 10. Segment Information

Centene operates in two segments: Managed Care and Specialty Services. The Managed Care segment consists of Centene's health plans, including all of the functions needed to operate them. The Specialty Services segment consists of Centene's specialty companies offering auxiliary healthcare services and products.

Segment information for the three months ended September 30, 2019, follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 18,087	\$ 889	\$ —	\$ 18,976
Total revenues from internal customers	44	2,675	(2,719)	—
Total revenues	\$ 18,131	\$ 3,564	\$ (2,719)	\$ 18,976
Earnings from operations	\$ 385	\$ (209)	\$ —	\$ 176

Segment information for the three months ended September 30, 2018, follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 15,420	\$ 762	\$ —	\$ 16,182
Total revenues from internal customers	26	2,350	(2,376)	—
Total revenues	\$ 15,446	\$ 3,112	\$ (2,376)	\$ 16,182
Earnings from operations	\$ 92	\$ (51)	\$ —	\$ 41

Segment information for the nine months ended September 30, 2019, follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 53,283	\$ 2,493	\$ —	\$ 55,776
Total revenues from internal customers	116	7,681	(7,797)	—
Total revenues	\$ 53,399	\$ 10,174	\$ (7,797)	\$ 55,776
Earnings from operations	\$ 1,587	\$ (83)	\$ —	\$ 1,504

Segment information for the nine months ended September 30, 2018, follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 41,153	\$ 2,404	\$ —	\$ 43,557
Total revenues from internal customers	76	6,919	(6,995)	—
Total revenues	\$ 41,229	\$ 9,323	\$ (6,995)	\$ 43,557
Earnings from operations	\$ 983	\$ 87	\$ —	\$ 1,070

## 11. Contingencies

### Overview

The Company records reserves and accrues costs for certain legal proceedings and regulatory matters to the extent that it determines an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. While such reserves and accrued costs reflect the Company's best estimate of the probable loss for such matters, the recorded amounts may differ materially from the actual amount of any such losses. In some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal and regulatory proceedings, which may be exacerbated by various factors, including but not limited to, they may involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or legal uncertainties; involve disputed facts; represent a shift in regulatory policy; involve a large number of parties, claimants or regulatory bodies; are in the early stages of the proceedings; involve a number of separate proceedings and/or a wide range of potential outcomes; or result in a change of business practices.

As of the date of this report, amounts accrued for legal proceedings and regulatory matters were not material. However, it is possible that in a particular quarter or annual period the Company's financial condition, results of operations, cash flow and/or liquidity could be materially adversely affected by an ultimate unfavorable resolution of or development in legal and/or regulatory proceedings, including as described below. Except for the proceedings discussed below, the Company believes that the ultimate outcome of any of the regulatory and legal proceedings that are currently pending against it should not have a material adverse effect on financial condition, results of operations, cash flow or liquidity.

## **California**

On October 20, 2015, the Company's California subsidiary, Health Net of California, Inc. (Health Net California), was named as a defendant in a California taxpayer action filed in Los Angeles County Superior Court, captioned as Michael D. Myers v. State Board of Equalization, Dave Jones, Insurance Commissioner of the State of California, Betty T. Yee, Controller of the State of California, et al., Los Angeles Superior Court Case No. BS158655. This action is brought under a California statute that permits an individual taxpayer to sue a governmental agency when the taxpayer believes the agency has failed to enforce governing law. Plaintiff contends that Health Net California, a California licensed Health Care Service Plan (HCSP), is an "insurer" for purposes of taxation despite acknowledging it is not an "insurer" under regulatory law. Under California law, "insurers" must pay a gross premiums tax (GPT), calculated as 2.35% on gross premiums. As a licensed HCSP, Health Net California has paid the California Corporate Franchise Tax (CFT), the tax generally paid by California businesses. Plaintiff contends that Health Net California must pay the GPT rather than the CFT. Plaintiff seeks a writ of mandate directing the California taxing agencies to collect the GPT, and seeks an order requiring Health Net California to pay GPT, interest and penalties for a period dating to eight years prior to the October 2015 filing of the complaint. This lawsuit is being coordinated with similar lawsuits filed against other entities (collectively, "Related Actions"). In March 2018, the Court overruled the Company's demurrer seeking to dismiss the complaint and denied the Company's motion to strike allegations seeking retroactive relief. In August 2018, the trial court stayed all the Related Actions pending determination of a writ of mandate by the California Court of Appeals in two of the Related Actions. In March 2019, the California Court of Appeals denied the writ of mandate. The defendants in those Related Actions sought review by the California Supreme Court, which declined to review the matter. The case is back before the trial court which has scheduled a hearing in February 2020 to consider a motion for summary judgment by Health Net California. In the meantime, discovery will proceed. No trial date has been set. The Company intends to vigorously defend itself against these claims; however, this matter is subject to many uncertainties, and an adverse outcome in this matter could potentially have a materially adverse impact on our financial position, results of operations and cash flows.

### ***Federal Securities Class Action***

On November 14, 2016, a putative federal securities class action, Israel Sanchez v. Centene Corp., et al., was filed against the Company and certain of its executives in the U.S. District Court for the Central District of California. In March 2017, the court entered an order transferring the matter to the U.S. District Court for the Eastern District of Missouri. The plaintiffs in the lawsuit allege that the Company's accounting and related disclosures for certain liabilities acquired in the acquisition of Health Net violated federal securities laws. In July 2017, the lead plaintiff filed a Consolidated Class Action Complaint. The Company filed a motion to dismiss complaint in September 2017. In August 2019, the Court granted the Company's motion to dismiss in part and denied it in part, dismissing allegations regarding certain statements and thereby narrowing the time period to which the allegations will be subject. The case will now move into the discovery phase.

The Company denies any wrongdoing and is vigorously defending itself against these claims. Nevertheless, this matter is subject to many uncertainties and the Company cannot predict how long this litigation will last or what the ultimate outcome will be, and an adverse outcome in this matter could potentially have a materially adverse impact on our financial position and results of operations.

Additionally, on January 24, 2018, a separate derivative action was filed by plaintiff Harkesh Parekh on behalf of Centene Corporation against the Company and certain of its officers and directors in the United States District Court for the Eastern District of Missouri. Plaintiff purports to bring suit derivatively on behalf of the Company against certain officers and directors for violation of securities laws, breach of fiduciary duty, waste of corporate assets and unjust enrichment. The derivative complaint repeats many of the allegations in the federal securities class action described above and asserts that defendants made inaccurate or misleading statements, and/or failed to correct the alleged misstatements.

A second shareholder derivative action was filed on March 9, 2018, by plaintiffs Laura Wood and Peoria Police Pension Fund on behalf of Centene Corporation against the Company and certain of its officers and directors in the United States District Court for the Eastern District of Missouri. This second derivative complaint repeats many of the allegations in the securities class action and the first derivative suit.



A third shareholder derivative action was filed on December 14, 2018, by plaintiffs Carpenters Pension Fund of Illinois and Iron Workers Local 11 Pension Fund on behalf of Centene Corporation against the Company and certain of its officers and directors in the United States District Court for the Eastern District of Missouri. This third derivative action repeats many of the allegations in the securities class action and the other derivative suits and adds additional allegations asserting violations of securities laws, breach of fiduciary duty, insider trading and unjust enrichment. The three derivative suits have been consolidated. Lead plaintiffs and counsel have been appointed. On July 11, 2019, the Court entered an order staying the consolidated derivative action, pending resolution of the motion to dismiss that is under submission in the Sanchez matter. As a result of the August 2019 ruling in the Sanchez matter described above, the parties filed a joint status report and a motion to lift the stay in the consolidated derivative action. The court entered an order lifting the stay and set a briefing schedule on a motion to dismiss. Pursuant to that schedule, defendants are to file a motion to dismiss on October 31, 2019.

***Medicare Parts C and D Matter***

In December 2016, a Civil Investigative Demand (CID) was issued to Health Net by the United States Department of Justice regarding Health Net's submission of risk adjustment claims to CMS under Parts C and D of Medicare. The CID may be related to a federal qui tam lawsuit filed under seal in 2011 naming more than a dozen health insurers including Health Net. The lawsuit was unsealed in February 2017 when the Department of Justice intervened in the case with respect to one of the insurers (not Health Net). In subsequent pleadings, both the Department of Justice and the Relator excluded Health Net from the lawsuit. The Company is complying with the CID and will vigorously defend any lawsuits. At this point, it is not possible to determine what level of liability, if any, the Company may face as a result of this matter.

***Veterans Administration Matter***

In October 2017, a CID was issued to Health Net Federal Services, LLC (HNFS) by the United States Department of Justice. The CID seeks documents and interrogatory responses concerning whether HNFS submitted, or caused to be submitted, excessive, duplicative or otherwise improper claims to the U.S. Department of Veterans Affairs (VA) under a contract to provide healthcare coordination services for veterans. The contract began in late 2014 and ended September 30, 2018. In 2016, modifications to the contract were made to allow for possible duplicate billings with a reconciliation period at the end of the contract term. The Company is complying with the CID and believes it has met its contractual obligations. At this point, it is not possible to determine what level of liability, if any, the Company may face as a result of this matter. This matter is separate from the negotiated settlements with the VA in connection with the contract expiration on September 30, 2018.

***Ambetter Class Action***

On January 11, 2018, a putative class action lawsuit was filed by Cynthia Harvey and Steven A. Milman against the Company and certain subsidiaries in the U.S. District Court for the Eastern District of Washington. The complaint alleges that the Company failed to meet federal and state requirements for provider networks and directories with regard to its Ambetter policies, denied coverage and/or refused to pay for covered benefits, and failed to address grievances adequately, causing some members to incur unexpected costs. In March 2018, the Company filed separate motions to dismiss each defendant. In July 2018, the plaintiff voluntarily filed a First Amended Complaint that removed Steven Milman as a plaintiff, dropped Centene Corporation and Superior Health Plan as defendants, abandoned certain claims, narrowed the putative class to Washington State only, and added Centene Management Company as a defendant. In August 2018, the Company moved to dismiss the First Amended Complaint. In response, the plaintiff voluntarily filed a Second Amended Complaint. In September 2018, the Company filed a motion to dismiss the Second Amended Complaint. On November 21, 2018, the Court granted in part and denied in part the Company's motion to dismiss. Plaintiff Cynthia Harvey filed a Third Amended Complaint, on November 28, 2018, against Centene Management Company and Coordinated Care Corporation ("Defendants"), both subsidiaries of the Company. Defendants filed an answer on December 12, 2018. Class certification discovery is occurring. The Company intends to vigorously defend itself against these claims. Nevertheless, this matter is subject to many uncertainties and the Company cannot predict how long this litigation will last or what the ultimate outcome will be, and an adverse outcome in this matter could potentially have a materially adverse impact on our financial position and results of operations.

### **Miscellaneous Proceedings**

Excluding the matters discussed above, the Company is also routinely subjected to legal and regulatory proceedings in the normal course of business. These matters can include, without limitation:

- periodic compliance and other reviews and investigations by various federal and state regulatory agencies with respect to requirements applicable to the Company's business, including, without limitation, those related to payment of out-of-network claims, submissions to CMS for risk adjustment payments or the False Claims Act, pre-authorization penalties, timely review of grievances and appeals, timely and accurate payment of claims, and the Health Insurance Portability and Accountability Act of 1996;
- litigation arising out of general business activities, such as tax matters, disputes related to healthcare benefits coverage or reimbursement, putative securities class actions and medical malpractice, privacy, real estate, intellectual property and employment-related claims;
- disputes regarding reinsurance arrangements, claims arising out of the acquisition or divestiture of various assets, class actions and claims relating to the performance of contractual and non-contractual obligations to providers, members, employer groups and others, including, but not limited to, the alleged failure to properly pay claims and challenges to the manner in which the Company processes claims and claims alleging that the Company has engaged in unfair business practices.

Among other things, these matters may result in awards of damages, fines or penalties, which could be substantial, and/or could require changes to the Company's business. The Company intends to vigorously defend itself against the miscellaneous legal and regulatory proceedings to which it is currently a party; however, these proceedings are subject to many uncertainties. In some of the cases pending against the Company, substantial non-economic or punitive damages are being sought.

### **12. Goodwill and Intangible Impairment**

During the third quarter of 2019, the Company recorded \$271 million of non-cash goodwill (\$259 million) and intangible asset (\$12 million) impairment, substantially all associated with the Company's U.S. Medical Management (USMM) physician home health business in the Specialty Services segment. The impairment was identified as part of the Company's quarterly review procedures, which included an analysis of new information related to its shared savings demonstration programs, slower than expected penetration of the physician home health business model into its Medicaid population, and the related impact to revised forecasts. The Company conducted an impairment analysis of the identifiable intangible assets and goodwill of the reporting unit using the income approach, in which fair value is derived based on the present value of discounted expected cash flows.

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this filing. The discussion contains forward-looking statements that involve known and unknown risks and uncertainties, including those set forth under Part II, Item 1A. "Risk Factors" of this Form 10-Q.*

### EXECUTIVE OVERVIEW

#### General

We are a diversified, multi-national healthcare enterprise that provides services to government sponsored and commercial healthcare programs, focusing on under-insured and uninsured individuals. We provide member-focused services through locally-based staff by assisting in accessing care, coordinating referrals to related health and social services and addressing member concerns and questions.

Results of operations depend on our ability to manage expenses associated with health benefits (including estimated costs incurred) and selling, general and administrative (SG&A) costs. We measure operating performance based upon two key ratios. The health benefits ratio (HBR) represents medical costs as a percentage of premium revenues, excluding premium tax and health insurer fee revenues that are separately billed, and reflects the direct relationship between the premiums received and the medical services provided. The SG&A expense ratio represents SG&A costs as a percentage of premium and service revenues, excluding premium tax and health insurer fee revenues that are separately billed.

Our insurance subsidiaries are subject to the Affordable Care Act annual health insurer fee (HIF), absent a HIF moratorium. The Affordable Care Act (ACA) imposed the HIF in 2018, however the HIF was suspended in 2019. In 2018, the Company recognized revenue for reimbursement of the HIF, including the "gross-up" to reflect the non-deductibility of the HIF. Collectively, this revenue is recorded as premium tax and health insurer fee revenue in the Consolidated Statements of Operations. For certain products, premium taxes, state assessments and the HIF are not pass-through payments and are recorded as premium revenue and premium tax expense or health insurer fee expense in the Consolidated Statements of Operations. Due to the size of the HIF fee, one of the primary drivers of the year-over-year variances discussed throughout this section is related to the moratorium in 2019.

On December 12, 2018, the Board of Directors declared a two-for-one split of our common stock in the form of a 100% stock dividend distributed on February 6, 2019 to stockholders of record as of December 24, 2018. All historical share and per share information presented in this Form 10-Q has been adjusted for the two-for-one stock split.

#### WellCare Transaction

On March 26, 2019, we entered into a definitive merger agreement (the Merger Agreement) with WellCare Health Plans, Inc., (WellCare) under which Centene will acquire all of the issued and outstanding shares of WellCare (the WellCare Transaction). Under the terms of the agreement, at the closing of the transaction, WellCare common stock will be automatically canceled and converted into the right to 3.38 of validly issued, fully paid, nonassessable shares of Centene common stock and \$120.00 in cash, without interest. The transaction is valued at approximately \$17.3 billion, including the existing WellCare debt (based on the Centene closing stock price of \$57.05 on March 25, 2019), and is expected to close by the first half of 2020. We have an \$8.4 billion financing commitment, but intend to fund the cash portion of the acquisition primarily through debt financing in advance of the closing date. In June 2019, Centene and WellCare announced the transaction was approved by both the Centene and WellCare stockholders. The WellCare Transaction has recently received approvals from insurance and healthcare departments in Arizona, Connecticut, Georgia, New York, Ohio and Texas, bringing the total number of approvals to 25 states. Completion of the WellCare transaction remains subject to clearance under the Hart-Scott-Rodino Act, receipt of required state regulatory approvals and other customary closing conditions. In September 2019, Centene and WellCare announced a subsidiary of WellCare had entered into a definitive agreement under which Anthem, Inc. (Anthem) will acquire WellCare's Missouri and Nebraska Medicaid plans. The closing of the transaction with Anthem is subject to U.S. federal antitrust clearance, receipt of Missouri and Nebraska state regulatory approvals and other customary closing conditions, as well as the closing of the WellCare Transaction.

### **Fidelis Care Acquisition**

On July 1, 2018, we acquired substantially all of the assets of New York State Catholic Health Plan, Inc., d/b/a Fidelis Care New York (Fidelis Care) for approximately \$3.60 billion of cash consideration, including a working capital adjustment. Due to the size of the acquisition, one of the primary drivers of the year-over-year variances discussed throughout this section for the nine months ended September 30, 2019, is related to the acquisition of Fidelis Care.

### **International**

In June 2019, we purchased an additional 40% ownership in Ribera Salud from Banco Sabadell for \$54 million, bringing our total ownership to 90%.

### **Regulatory Trends and Uncertainties**

The United States government, politicians, and healthcare experts continue to discuss and debate various elements of the United States healthcare payment model. From the constitutionality of the Affordable Care Act, to Medicare for All (single payer), to pharmacy pricing structures, all areas of healthcare are being challenged to assure adequate healthcare is delivered to all segments of the population.

During this time of deliberation, the Company remains focused on the promise of delivering access to high quality, affordable healthcare to all of its members and believes it is well positioned to meet the needs of the changing healthcare landscape. We have more than three decades of experience, spanning six presidents from both sides of the aisle, in delivering high-quality healthcare services on behalf of states and the Federal government to under-insured and uninsured families, commercial organizations and military families. This expertise has allowed us to deliver cost effective services to our government sponsors and our members. While healthcare experts maintain focus on personalized healthcare technology, we continue to make strategic decisions to accelerate development of new software platforms and analytical capabilities. We continue to believe we have both the capacity and capability to successfully navigate industry changes to the benefit of our members, customers and shareholders.

For additional information regarding regulatory trends and uncertainties, see Part II, Item 1A, "Risk Factors."

### **Third Quarter 2019 Highlights**

Our financial performance for the third quarter of 2019 is summarized as follows:

- Managed care membership of 15.3 million, an increase of 884 thousand members, or 6% year-over-year.
- Total revenues of \$19.0 billion, representing 17% growth year-over-year.
- Health benefits ratio of 88.2%, compared to 86.3% for the third quarter of 2018.
- SG&A expense ratio of 8.9%, compared to 12.6% for the third quarter of 2018.
- Adjusted SG&A expense ratio of 8.8%, compared to 10.0% for the third quarter of 2018.
- Operating cash flows of \$(99) million, driven by the payment of approximately \$1.0 billion related to the 2018 risk adjustment to CMS and minimum MLR programs, partially offset by net earnings. Cash flow provided by operations for the nine months ended September 30, 2019 was \$2.1 billion.
- Diluted earnings per share (EPS) for the third quarter of 2019 of \$0.23, compared to \$0.05 for the third quarter of 2018.
- Adjusted Diluted EPS for the third quarter of 2019 of \$0.96, compared to \$0.89 for the third quarter of 2018.

Adjusted Diluted EPS is highlighted below and additional detail is provided above under the heading "Non-GAAP Financial Presentation":

	<b>Three Months Ended September 30,</b>			
	<b>2019</b>		<b>2018</b>	
GAAP diluted EPS	\$	0.23	\$	0.05
Amortization of acquired intangible assets		0.12		0.12
Acquisition related expenses		0.04		0.72
Other adjustments <sup>(1)</sup>		0.57		—
Adjusted Diluted EPS	\$	0.96	\$	0.89

(1) Other adjustments include the 2019 non-cash goodwill and intangible asset impairment of \$271 million, or \$0.57 per diluted share, substantially all related to our U.S. Medical Management (USMM) physician home health business.

The following items contributed to our growth over the last year:

- *Arkansas.* In February 2018, our Arkansas subsidiary, Arkansas Total Care, began managing a Medicaid special needs population comprised of people with high behavioral health needs and individuals with developmental/intellectual disabilities. Arkansas Total Care assumed full-risk on this population in March 2019.
- *Arizona.* In October 2018, our Arizona subsidiary, Health Net Access, began providing physical and behavioral healthcare services under a new integrated contract through the Arizona Health Care Cost Containment System Complete Care program in the Central region and the Southern region.
- *Correctional.* In February 2019, Centurion began operating under a new contract to provide comprehensive healthcare services to detainees of the Metropolitan Detention Center located in Albuquerque, New Mexico. In December 2018, Centurion began operating under a new contract to provide comprehensive healthcare services to detainees of Volusia County detention facilities located near Daytona, Florida. In July 2019, Centurion began operating under a contract to provide comprehensive healthcare services to inmates housed in Arizona's state prison system. In July 2019, Centurion began operating under a re-awarded contract to continue the provision of mental and dental health services to the Georgia Department of Correction's state prison facilities.
- *Fidelis Care.* In July 2018, we completed the acquisition of substantially all of the assets of Fidelis Care for \$3.6 billion of cash consideration, making Fidelis Care Centene's health plan in New York State.
- *Florida.* In December 2018, our Florida subsidiary, Sunshine Health, began providing physical and behavioral healthcare services through Florida's Statewide Medicaid Managed Care Program under its new five year contract which was implemented for all 11 regions by February 2019.
- *Health Insurance Marketplace.* In January 2019, we expanded our offerings in the 2019 Health Insurance Marketplace. We entered Pennsylvania, North Carolina, South Carolina and Tennessee, and expanded our footprint in six existing markets: Florida, Georgia, Indiana, Kansas, Missouri and Texas.
- *Illinois.* In January 2018, our Illinois subsidiary, IlliniCare Health, began operating under a state-wide contract for the Medicaid Managed Care Program. Implementation dates varied by region and the contract was fully implemented statewide in April 2018.
- *Iowa.* In July 2019, our Iowa subsidiary, Iowa Total Care, Inc., began operating under a new statewide contract for the IA Health Link Program.
- *Kansas.* In January 2019, our Kansas subsidiary, Sunflower Health Plan, continued providing managed care services to KanCare beneficiaries statewide under a new contract.
- *New Hampshire.* In September 2019, our New Hampshire subsidiary, NH Healthy Families, began operating under a new five-year contract to continue to provide service to Medicaid enrollees statewide.
- *New Mexico.* In January 2019, our New Mexico subsidiary, Western Sky Community Care, began operating under a new statewide contract in New Mexico for the Centennial Care 2.0 Program.

- *Pennsylvania*. In January 2019, our Pennsylvania subsidiary, Pennsylvania Health & Wellness, began serving enrollees in the Community HealthChoices program in the Southeast region as part of the statewide contract that is expected to be fully implemented statewide by January 2020.
- *Spain*. In June 2019, our Spanish subsidiary, Primero Salud, acquired additional ownership in Ribera Salud, increasing our ownership in the Spanish healthcare company from 50% to 90%. In December 2018, Primero Salud acquired 89% of Torrejón Salud, a public-private partnership in the Community of Madrid.
- *QualChoice*. In April 2019, we completed the acquisition of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. The acquisition expands our footprint in Arkansas by adding additional members primarily through Commercial products.

The growth items listed above were partially offset by the following items:

- Beginning January 1, 2019, Health Net of Arizona, Inc. began discontinuing and non-renewing all of its Employer Group plans for small and large business groups in Arizona. The effective date of coverage termination for existing groups is dependent on remaining renewals; however, coverage will no longer be provided to any group policyholders and/or members after December 31, 2019.
- Beginning in July 2018, we no longer serve correctional healthcare members in Massachusetts.
- Effective October 2018, we no longer provide healthcare coordination services to veterans under the Patient-Centered Community Care and Veterans Choice Programs.

We expect the following items to contribute to our revenue or future growth potential:

- We expect to realize the benefit in 2019 of acquisitions, investments, and business commenced during 2018 and 2019, as discussed above.
- In October 2019, our North Carolina joint venture, Carolina Complete Health, was awarded an additional service area to provide Medicaid managed care services in Region 4. With the addition of this new Region, Carolina Complete Health will provide Medicaid managed care services in three contiguous regions: Region 3, 4 and 5. The new three-year contract is expected to commence in February 2020.
- In August 2019, we announced that we are expanding our offerings in the 2020 Health Insurance Marketplace. We are expanding our presence in ten existing markets: Arizona, Florida, Georgia, Kansas, North Carolina, Ohio, South Carolina, Tennessee, Texas and Washington.
- In July 2019, our Oregon subsidiary, Trillium Community Health Plan, was notified by the Oregon Health Authority (OHA) of its intent to award Trillium an expanded contract to serve as a coordinated care organization for six counties in the state. Pending successful completion of OHA's readiness review and additional contract negotiations, the contract is scheduled to begin on January 1, 2020.
- In March 2019, we signed a definitive Merger Agreement to acquire all of the issued and outstanding shares of WellCare. The transaction is valued at approximately \$17.3 billion (based on the Centene closing stock price of \$57.05 on March 25, 2019) and is expected to close by the first half of 2020. In June 2019, Centene and WellCare announced the transaction was approved by both the Centene and WellCare shareholders. The transaction is conditioned on clearance under the Hart-Scott Rodino Act, receipt of state regulatory approvals and other customary closing conditions.
- In October 2018, CMS published updated Medicare Star quality ratings for the 2019 rating year. Our Star ratings returned to a 4.0 Star parent rating. The 2019 rating year will positively affect quality bonus payments for Medicare Advantage plans in 2020.
- In July 2018, we announced a joint venture with Ascension to establish a Medicare Advantage plan. The plan is expected to be implemented in multiple geographic markets beginning in 2020.

- In January 2018, our Illinois subsidiary, IlliniCare Health, began operating under a state-wide contract for the Medicaid Managed Care Program. The new contract will also include children who are in need through the Department of Children and Family Services/Youth in Care by the Illinois Department of Healthcare and Family Services and Foster Care. These additional products are expected to be implemented in 2020.

The future growth items listed above are partially offset by the following item:

- In October 2019, CMS published updated Medicare Star quality ratings for the 2020 rating year. 51% of our Medicare members are in a 4 star or above plan for the 2021 bonus year, compared to 86% for the 2020 bonus year. Our quality bonus and rebates may be negatively impacted in 2021, if we are unable to utilize mitigation strategies.

**MEMBERSHIP**

From September 30, 2018 to September 30, 2019, we increased our managed care membership by 884,200, or 6%. The following table sets forth our membership by line of business:

	September 30, 2019	December 31, 2018	September 30, 2018
Medicaid:			
TANF, CHIP & Foster Care	7,623,400	7,356,200	7,260,500
ABD & LTSS	1,045,700	1,002,100	964,200
Behavioral Health	73,300	36,500	455,900
<b>Total Medicaid</b>	<b>8,742,400</b>	<b>8,394,800</b>	<b>8,680,600</b>
Commercial	2,388,500	1,978,000	2,062,500
Medicare <sup>(1)</sup>	404,500	416,900	417,400
International	462,400	151,600	—
Correctional	187,200	151,300	150,900
<b>Total at-risk membership</b>	<b>12,185,000</b>	<b>11,092,600</b>	<b>11,311,400</b>
TRICARE eligibles	2,860,700	2,858,900	2,858,900
Non-risk membership	227,800	219,700	219,000
<b>Total</b>	<b>15,273,500</b>	<b>14,171,200</b>	<b>14,389,300</b>

(1) Membership includes Medicare Advantage, Medicare Supplement, Special Needs Plans, and Medicare-Medicaid Plans (MMP).

The following table sets forth additional membership statistics, which are included in the membership information above:

	September 30, 2019	December 31, 2018	September 30, 2018
Dual-eligible <sup>(2)</sup>	629,600	598,200	590,300
Health Insurance Marketplace	1,860,200	1,459,100	1,529,400
Medicaid Expansion	1,359,300	1,262,100	1,237,800

(2) Membership includes dual-eligible ABD & LTSS and dual-eligible Medicare membership in the table above.

## RESULTS OF OPERATIONS

The following discussion and analysis is based on our Consolidated Statements of Operations, which reflect our results of operations for the three and nine months ended September 30, 2019 and 2018, prepared in accordance with generally accepted accounting principles in the United States.

Summarized comparative financial data for the three and nine months ended September 30, 2019 and 2018 is as follows (\$ in millions, except per share data in dollars):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Premium	\$ 17,472	\$ 14,623	19 %	\$ 50,229	\$ 38,639	30 %
Service	743	732	2 %	2,123	2,147	(1)%
Premium and service revenues	18,215	15,355	19 %	52,352	40,786	28 %
Premium tax and health insurer fee	761	827	(8)%	3,424	2,771	24 %
Total revenues	18,976	16,182	17 %	55,776	43,557	28 %
Medical costs	15,406	12,626	22 %	43,642	33,045	32 %
Cost of services	619	622	— %	1,778	1,823	(2)%
Selling, general and administrative expenses	1,617	1,934	(16)%	4,800	4,487	7 %
Amortization of acquired intangible assets	65	65	— %	194	149	30 %
Premium tax expense	822	716	15 %	3,587	2,451	46 %
Health insurer fee expense	—	178	n.m.	—	532	n.m.
Goodwill and intangible impairment	271	—	n.m.	271	—	n.m.
Earnings from operations	176	41	329 %	1,504	1,070	41 %
Investment and other income (expense), net	(1)	(17)	94 %	18	(59)	131 %
Earnings from operations, before income tax expense	175	24	629 %	1,522	1,011	51 %
Income tax expense	79	8	888 %	415	358	16 %
Net earnings	96	16	500 %	1,107	653	70 %
(Earnings) loss attributable to noncontrolling interests	(1)	3	(133)%	5	6	(17)%
Net earnings attributable to Centene Corporation	\$ 95	\$ 19	400 %	\$ 1,112	\$ 659	69 %
Diluted earnings per common share attributable to Centene Corporation	\$ 0.23	\$ 0.05	360 %	\$ 2.65	\$ 1.68	58 %

*n.m.: not meaningful*



**Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018****Total Revenues**

The following table sets forth supplemental revenue information for the three months ended September 30, (\$ in millions):

	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Medicaid	\$ 12,859	\$ 10,909	18%
Commercial	3,670	3,125	17%
Medicare (1)	1,429	1,363	5%
Other	1,018	785	30%
Total Revenues	\$ 18,976	\$ 16,182	17%

(1) Medicare includes Medicare Advantage, Medicare Supplement, Special Needs Plans, and MMP.

Total revenues increased 17% in the three months ended September 30, 2019 over the corresponding period in 2018, primarily due to growth in the Health Insurance Marketplace business, expansions and new programs in many of our states in 2018 and 2019, particularly Arkansas, Illinois, Iowa, New Mexico and Pennsylvania, and our recent acquisitions in Spain. These increases were partially offset by the health insurer fee moratorium in 2019.

**Operating Expenses****Medical Costs**

Results of operations depend on our ability to manage expenses associated with health benefits and to accurately estimate costs incurred. The health benefits ratio, or HBR, represents medical costs as a percentage of premium revenues (excluding premium tax and health insurer fee revenues that are separately billed) and reflects the direct relationship between the premium received and the medical services provided.

The HBR for the three months ended September 30, 2019 was 88.2%, compared to 86.3% in the same period in 2018. The HBR for the third quarter of 2018 benefited from the recognition of the IHSS program reconciliation, which reduced the HBR by approximately 100 basis points. Additionally, the increase was due to the health insurer fee moratorium, which increased the HBR for the third quarter of 2019 by approximately 50 basis points. Finally, the HBR for the third quarter of 2019 includes the impact of approximately \$440 million of at-risk, state directed payments in California, which increased the HBR by approximately 30 basis points.

**Cost of Services**

Cost of services was consistent in the three months ended September 30, 2019, compared to the corresponding period in 2018. The cost of service ratio for the three months ended September 30, 2019, was 83.3%, compared to 85.0% in the same period in 2018. The decrease in the cost of service ratio was primarily due to Veterans Affairs contract expiration, effective October 2018.

**Selling, General & Administrative Expenses**

Selling, general and administrative expenses, or SG&A, decreased by \$317 million in the three months ended September 30, 2019, compared to the corresponding period in 2018. The SG&A decrease was primarily due to \$399 million of acquisition related expenses associated with the closing of the Fidelis Care acquisition in the third quarter of 2018, compared to \$23 million of acquisition related costs in the third quarter of 2019. This was partially offset by expansions, new programs, and growth in many of our states in 2018 and 2019, including growth in the Health Insurance Marketplace business.

The SG&A expense ratio was 8.9% for the third quarter of 2019, compared to 12.6% in the third quarter of 2018. The decrease was primarily due to the previously discussed reduction in acquisition related costs, which decreased the ratio by approximately 250 basis points. The Adjusted SG&A expense ratio was 8.8% for the third quarter of 2019, compared to 10.0% in the third quarter of 2018. Both ratios for the third quarter of 2018 included 70 basis points related to the Veterans Affairs contract expiration and the commitment to our charitable foundation. The ratios also benefited from the previously mentioned at-risk, state directed payments and lower variable compensation costs for programs indexed to our stock performance in the third quarter of 2019.

### Health Insurer Fee Expense

As a result of the HIF moratorium, which suspended the health insurance provider fee for the 2019 calendar year, we did not record HIF expense for the three months ended September 30, 2019, compared to \$178 million in the corresponding period in 2018.

### Goodwill and Intangible Impairment

During the third quarter of 2019, we recorded \$271 million, or \$0.57 per diluted share, of non-cash goodwill and intangible asset impairment. Substantially all of the impairment is associated with our USMM physician home health business and was identified as part of our quarterly review procedures, which included an analysis of new information related to our shared savings demonstration programs, slower than expected penetration of the physician home health business model into our Medicaid population, and the related impact to revised forecasts. The business continues to generate positive cash flows and plays an important role in care management; however, it has fallen short of our overall performance expectations.

### Other Income (Expense)

The following table summarizes the components of other income (expense) for the three months ended September 30, (\$ in millions):

	2019	2018
Investment and other income	\$ 98	\$ 80
Interest expense	(99)	(97)
Other income (expense), net	\$ (1)	\$ (17)

Investment and other income increased by \$18 million in the three months ended September 30, 2019 compared to the corresponding period in 2018. This reflects increased investment balances over 2018 and higher interest rates.

### Income Tax Expense

For the three months ended September 30, 2019, we recorded income tax expense of \$79 million on pre-tax earnings of \$175 million, or an effective tax rate of 45.1%, driven by the non-deductibility of a portion of our non-cash goodwill and intangible impairment, offset by the impact of the health insurer fee moratorium. For the three months ended September 30, 2018, we recorded income tax expense of \$8 million on pre-tax earnings of \$24 million, or an effective tax rate of 33.3%, which reflects the non-deductibility of the health insurer fee.

### Segment Results

The following table summarizes our consolidated operating results by segment for the three months ended September 30, (\$ in millions):

	2019	2018	% Change
<b>Total Revenues</b>			
Managed Care	\$ 18,131	\$ 15,446	17 %
Specialty Services	3,564	3,112	15 %
Eliminations	(2,719)	(2,376)	(14)%
Consolidated Total	\$ 18,976	\$ 16,182	17 %
<b>Earnings from Operations</b>			
Managed Care	\$ 385	\$ 92	318 %
Specialty Services	(209)	(51)	(310)%
Consolidated Total	\$ 176	\$ 41	329 %

**Managed Care**

Total revenues increased 17% in the three months ended September 30, 2019, compared to the corresponding period in 2018, primarily due to growth in the Health Insurance Marketplace business, expansions and new programs in many of our states in 2018 and 2019, particularly Arkansas, Illinois, Iowa, New Mexico and Pennsylvania, and our recent acquisitions in Spain. These increases were partially offset by the health insurer fee moratorium in 2019. Earnings from operations increased \$293 million between years primarily as a result of lower acquisition related expenses, partially offset by the health insurer fee moratorium in 2019.

**Specialty Services**

Total revenues increased 15% in the three months ended September 30, 2019, compared to the corresponding period in 2018, resulting primarily from increased services associated with membership growth in the Managed Care segment and acquisitions. Earnings from operations decreased \$158 million in the three months ended September 30, 2019, compared to the corresponding period in 2018, primarily due to the previously discussed non-cash goodwill and intangible impairment, partially offset by higher costs recognized in 2018 associated with our Veterans Affairs contract expiration.

**Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018**

**Total Revenues**

The following table sets forth supplemental revenue information for the nine months ended September 30, (\$ in millions):

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Medicaid	\$ 37,586	\$ 28,033	34%
Commercial	11,187	9,331	20%
Medicare <sup>(1)</sup>	4,277	3,728	15%
Other	2,726	2,465	11%
Total Revenues	<u>\$ 55,776</u>	<u>\$ 43,557</u>	<u>28%</u>

(1) Medicare includes Medicare Advantage, Medicare Supplement, Special Needs Plans, and MMP.

Total revenues increased 28% in the nine months ended September 30, 2019 over the corresponding period in 2018 primarily due to the acquisition of Fidelis Care, growth in the Health Insurance Marketplace business, and expansions and new programs in many of our states in 2018 and 2019, particularly Arkansas, Illinois, Iowa, New Mexico and Pennsylvania. These increases were partially offset by the health insurer fee moratorium in 2019. Total revenues also increased due to pass through payments, including approximately \$533 million from the State of New York and approximately \$245 million from the State of California that were recorded in premium tax revenue and premium tax expense. During the nine months ended September 30, 2019, we received premium rate adjustments which yielded a net 2% composite change across all of our markets.

**Operating Expenses**

**Medical Costs**

The HBR for the nine months ended September 30, 2019 was 86.9%, compared to 85.5% in the same period in 2018. The increase was primarily attributable to the Health Insurance Marketplace business where margins have normalized, as expected, from the favorable performance in 2018. The increase was also due to the health insurer fee moratorium and the acquisition of Fidelis Care, which operates at a higher HBR. Also, the HBR for the nine months ended September 30, 2018 benefited from the recognition of the IHSS program reconciliation, which reduced the HBR by approximately 40 basis points.

**Cost of Services**

Cost of services decreased by \$45 million in the nine months ended September 30, 2019, compared to the corresponding period in 2018. The cost of services decrease is primarily attributable to the Veterans Affairs contract expiration, effective October 2018, partially offset by the operations of newly acquired businesses.

The cost of service ratio for the nine months ended September 30, 2019, was 83.7%, compared to 84.9% in the same period in 2018. The decrease in the cost of service ratio was primarily due to Veterans Affairs contract expiration.

#### **Selling, General & Administrative Expenses**

SG&A increased by \$313 million in the nine months ended September 30, 2019, compared to the corresponding period in 2018. The SG&A increase was primarily attributable to the acquisition of Fidelis Care, expansions, new programs, and growth in many of our states in 2019, including growth in the Health Insurance Marketplace business, partially offset by a decrease in acquisition related costs.

The SG&A expense ratio for the nine months ended September 30, 2019 was 9.2%, compared to 11.0% for the corresponding period in 2018, primarily due to \$360 million of lower acquisition related expenses, which decreased the ratio by approximately 90 basis points. The Adjusted SG&A expense ratio for the nine months ended September 30, 2019 was 9.1%, compared to 10.0% for the nine months ended September 30, 2018. Both ratios decreased due to the acquisition of Fidelis Care, which operates at a lower SG&A expense ratio.

#### **Health Insurer Fee Expense**

As a result of the health insurer fee moratorium, which suspended the health insurance provider fee for the 2019 calendar year, we did not record HIF expense for the nine months ended September 30, 2019, compared to \$532 million in the corresponding period in 2018.

#### **Goodwill and Intangible Impairment**

During the third quarter of 2019, we recorded \$271 million, or \$0.57 per diluted share, of non-cash goodwill and intangible asset impairment. Substantially all of the impairment is associated with our USMM physician home health business and was identified as part of our quarterly review procedures, which included an analysis of new information related to our shared savings demonstration programs, slower than expected penetration of the physician home health business model into our Medicaid population, and the related impact to revised forecasts. The business continues to generate positive cash flows and plays an important role in care management; however, it has fallen short of our overall performance expectations.

#### **Other Income (Expense)**

The following table summarizes the components of other income (expense) for the nine months ended September 30, (\$ in millions):

	<b>2019</b>	<b>2018</b>
Investment and other income	\$ 317	\$ 186
Interest expense	(299)	(245)
Other income (expense), net	\$ 18	\$ (59)

Investment and other income increased by \$131 million in the nine months ended September 30, 2019 compared to the corresponding period in 2018. The increase in investment income in 2019 reflects higher investment balances over 2018, including the impact of higher investment balances as a result of the Fidelis Care acquisition, higher interest rates, the Ribera Salud acquisition gain of \$16 million, and improved performance associated with our deferred compensation investment portfolio, which fluctuates with its underlying investments. The earnings from our deferred compensation portfolio were substantially offset by increases in deferred compensation expense, recorded in SG&A expense. Interest expense increased by \$54 million in the nine months ended September 30, 2019, compared to the corresponding period in 2018, reflecting a net increase in borrowings, primarily related to the financing of the Fidelis Care acquisition and the effect of our interest rate swaps.

#### **Income Tax Expense**

For the nine months ended September 30, 2019, we recorded income tax expense of \$415 million on pre-tax earnings of \$1,522 million, or an effective tax rate of 27.3%, which reflects the impact of the health insurer fee moratorium and a 68 basis point reduction due to the favorable resolution of an outstanding audit in the first quarter of 2019, offset by the non-deductibility of a portion of our non-cash goodwill and intangible impairment in the third quarter of 2019. For the nine months ended September 30, 2018, we recorded income tax expense of \$358 million on pre-tax earnings of \$1,011 million, or an effective tax rate of 35.4%, which reflects the impact of the non-deductibility of the health insurer fee.

## Segment Results

The following table summarizes our consolidated operating results by segment for the nine months ended September 30, (\$ in millions):

	2019	2018	% Change
<b>Total Revenues</b>			
Managed Care	\$ 53,399	\$ 41,229	30 %
Specialty Services	10,174	9,323	9 %
Eliminations	(7,797)	(6,995)	(11)%
Consolidated Total	<u>\$ 55,776</u>	<u>\$ 43,557</u>	<u>28 %</u>
<b>Earnings from Operations</b>			
Managed Care	\$ 1,587	\$ 983	61 %
Specialty Services	(83)	87	(195)%
Consolidated Total	<u>\$ 1,504</u>	<u>\$ 1,070</u>	<u>41 %</u>

### Managed Care

Total revenues increased 30% in the nine months ended September 30, 2019, compared to the corresponding period in 2018, primarily due to the acquisition of Fidelis Care, growth in the Health Insurance Marketplace business, and expansions and new programs in many of our states in 2018 and 2019, particularly Arkansas, Illinois, Iowa, New Mexico and Pennsylvania. These increases were partially offset by the health insurer fee moratorium in 2019. Total revenues also increased due to pass through payments, including approximately \$533 million from the State of New York and approximately \$245 million from the State of California that were recorded in premium tax revenue and premium tax expense. Earnings from operations increased \$604 million between years primarily as a result of the acquisition of Fidelis Care, lower acquisition related expenses, growth in the Health Insurance Marketplace business, partially offset by the health insurer fee moratorium in 2019.

### Specialty Services

Total revenues increased 9% in the nine months ended September 30, 2019, compared to the corresponding period in 2018, resulting primarily from increased services associated with membership growth in the Managed Care segment and acquisitions, partially offset by the previously mentioned Veterans Affairs contract expiration. Earnings from operations decreased \$170 million in the nine months ended September 30, 2019, compared to the corresponding period in 2018, primarily due to the previously discussed non-cash goodwill and intangible impairment and our transition to transparent pharmacy pricing, partially offset by higher costs recognized in 2018 associated with our Veterans Affairs contract expiration. The transparent pricing decrease was offset by higher earnings in our Managed Care segment and reflects our commitment to transparency and more closely aligns the costs of care within each segment. It also aligns with our ongoing transition to RxAdvance.

## LIQUIDITY AND CAPITAL RESOURCES

Shown below is a condensed schedule of cash flows used in the discussion of liquidity and capital resources (\$ in millions).

	Nine Months Ended September 30,	
	2019	2018
Net cash provided by operating activities	\$ 2,134	\$ 1,868
Net cash used in investing activities	(1,388)	(3,563)
Net cash provided by financing activities	128	4,460
Effect of exchange rate changes on cash and cash equivalents	4	—
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 878</u>	<u>\$ 2,765</u>

### Cash Flows Provided by Operating Activities

Normal operations are funded primarily through operating cash flows and borrowings under our revolving credit facility. Operating activities provided cash of \$2.1 billion in the nine months ended September 30, 2019 compared to \$1.9 billion in the comparable period in 2018. The cash provided by operating activities in 2019 was primarily due to net earnings and an increase in medical claims liabilities, primarily resulting from growth in the Health Insurance Marketplace business and the commencement or expansion of the Arkansas, Iowa, Pennsylvania and New Mexico health plans.

Cash flows provided by operations in 2018 was due to net earnings and an increase in medical claims liabilities, primarily resulting from growth in the Health Insurance Marketplace business. Cash flows from operations were partially offset by an increase in premium and trade receivables of \$696 million, due to an increase in receivables from several of our federal and state customers and the repayment of approximately \$630 million of Medicaid expansion rate overpayments in California, which was previously accrued.

Cash flows from operations in each year can be impacted by the timing of payments we receive from our states. As we have seen historically, states may prepay the following month premium payment, which we record as unearned revenue, or they may delay our premium payment, which we record as a receivable. We typically receive capitation payments monthly; however, the states in which we operate may decide to adjust their payment schedules which could positively or negatively impact our reported cash flows from operating activities in any given period.

#### ***Cash Flows Used in Investing Activities***

Investing activities used cash of \$1,388 million for the nine months ended September 30, 2019, and \$3,563 million in the comparable period in 2018. Cash flows used in investing activities in 2019 primarily consisted of the net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments), capital expenditures and acquisitions.

Cash flows used in investing activities in 2018 primarily consisted of the net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments), the Fidelis Care and other acquisitions, the investments in RxAdvance, and capital expenditures.

We spent \$530 million and \$489 million in the nine months ended September 30, 2019 and 2018, respectively, on capital expenditures for system enhancements, market growth, and corporate headquarters expansions.

As of September 30, 2019, our investment portfolio consisted primarily of fixed-income securities with an average duration of 3.3 years. We had unregulated cash and investments of \$855 million at September 30, 2019, compared to \$478 million at December 31, 2018.

#### ***Cash Flows Provided by Financing Activities***

Our financing activities provided cash of \$128 million in the nine months ended September 30, 2019, compared to \$4,460 million in the comparable period in 2018. During 2019, our net financing activities primarily related to increased borrowings on our revolving credit agreement. During 2018, our net financing activities primarily related to our offering of \$2.86 billion in shares of common stock, par value \$0.001 per share, and approximately \$1.8 billion of new long-term debt. Proceeds from both offerings were used to fund the Fidelis Care Acquisition, which closed on July 1, 2018, to pay related fees and expenses, and for general corporate purposes, including the repayment of outstanding indebtedness. Cash flows provided by financing activities were partially offset by the purchase of noncontrolling interest.

#### ***Liquidity Metrics***

In May 2019, we amended and restated our existing credit agreement (Revolving Credit Facility) to, among other things, increase the revolving commitments thereunder from \$1,500 million to \$2,000 million. The agreement has a maturity date of May 7, 2024. At our option, borrowings under the credit agreement will bear interest at LIBOR, EURIBOR, CDOR, BBR or base rates plus, in each case, an applicable margin.

In September 2019, we amended and restated our existing credit agreement to provide a new \$1,450 million unsecured delayed-draw term loan facility (Term Loan Facility) in addition to the existing \$2,000 million Revolving Credit Facility. At our option, borrowings under the Term Loan Facility bears interest at LIBOR or base rates plus, in each case, an applicable margin. The Term Loan Facility will mature on September 11, 2022.

In October 2019, we borrowed \$1,450 million under the Term Loan Facility. We also redeemed the outstanding principal balance on the \$1,400 million 5.625% Senior Notes due February 15, 2021, plus applicable premium for early redemption and accrued and unpaid interest through the redemption date. We recognized a loss on extinguishment of debt of \$30 million on the redemption of the notes in the fourth quarter of 2019, including the call premium, the write-off of unamortized debt issuance costs, and a loss on the termination of the \$600 million interest rate swap agreement associated with the notes.

In October 2019, our Board of Directors approved a \$500 million increase to our Company's stock repurchase program. Under the increased stock repurchase program, we will be in a position to repurchase shares or pay down debt with the proceeds from divestitures related to the WellCare acquisition.

The credit agreement underlying our Revolving Credit Facility and Term Loan Facility contains customary covenants as well as financial covenants including a minimum fixed charge coverage ratio and a maximum debt-to-EBITDA ratio. Our maximum debt-to-EBITDA ratio under the credit agreement may not exceed 3.5 to 1.0. As of September 30, 2019, we had \$415 million of borrowings outstanding under our Revolving Credit Facility, no outstanding borrowings under our Term Loan Facility, and we were in compliance with all covenants. As of September 30, 2019, there were no limitations on the availability as a result of the debt-to-EBITDA ratio.

We have a \$200 million non-recourse construction loan to fund the expansion of our corporate headquarters. The loan bears interest based on the one month LIBOR plus 2.70% and matures in April 2021 with an optional one-year extension. The agreement contains financial and non-financial covenants aligning with our revolving credit agreement. We have guaranteed completion of the construction project associated with the loan. As of September 30, 2019, we had \$119 million in borrowings outstanding under the loan.

We had outstanding letters of credit of \$55 million as of September 30, 2019, which were not part of our revolving credit facility. We also had letters of credit for \$26 million (valued at the September 30, 2019 conversion rate), or €24 million, representing our proportional share of the letters of credit issued to support Ribera Salud's outstanding debt which are a part of the revolving credit facility. Collectively, the letters of credit bore weighted interest of 0.9% as of September 30, 2019. In addition, we had outstanding surety bonds of \$571 million as of September 30, 2019.

The indentures governing our various maturities of senior notes contain restrictive covenants. As of September 30, 2019, we were in compliance with all covenants.

At September 30, 2019, we had working capital, defined as current assets less current liabilities, of \$177 million, compared to \$27 million at December 31, 2018. We manage our short-term and long-term investments with the goal of ensuring that a sufficient portion is held in investments that are highly liquid and can be sold to fund short-term requirements as needed.

At September 30, 2019, our debt to capital ratio, defined as total debt divided by the sum of total debt and total equity, was 36.2%, compared to 37.8% at December 31, 2018. Excluding \$174 million of non-recourse debt, our debt to capital ratio was 35.6% as of September 30, 2019, compared to 37.4% at December 31, 2018. We utilize the debt to capital ratio as a measure, among others, of our leverage and financial flexibility.

#### **2019 Expectations**

During the remainder of 2019, we expect to make net capital contributions to our insurance subsidiaries of approximately \$79 million and spend approximately \$200 million in additional capital expenditures primarily associated with system enhancements and market and corporate headquarters expansions. These amounts are expected to be funded by unregulated cash flow generation in 2019 and borrowings on our Revolving Credit Facility and construction loan. However, from time to time we may elect to raise additional funds for these and other purposes, either through issuance of debt or equity, the sale of investment securities or otherwise, as appropriate. In addition, we may strategically pursue refinancing opportunities to extend maturities and/or improve terms of our indebtedness if we believe such opportunities are favorable to us.

In addition, on March 26, 2019, we entered into a definitive Merger Agreement with WellCare, under which Centene will acquire all of the issued and outstanding shares of WellCare. Under the terms of the agreement, at the closing of the transaction, WellCare common stock will be automatically canceled and converted into the right to 3.38 of validly issued, fully paid, nonassessable shares of Centene common stock and \$120.00 in cash, without interest, for each share of WellCare common stock. The transaction is valued at approximately \$17.3 billion, including existing WellCare debt (based on the Centene closing stock price of \$57.05 on March 25, 2019), and is expected to close by the first half of 2020. We have an \$8.4 billion financing commitment, but intend to fund the cash portion of the acquisition primarily through debt financing in advance of the closing date. In June 2019, Centene and WellCare announced the transaction was approved by both the Centene and WellCare stockholders. The WellCare Transaction has recently received approvals from insurance and healthcare departments in Arizona, Connecticut, Georgia, New York, Ohio and Texas, bringing the total number of approvals to 25 states. Completion of the WellCare transaction remains subject to clearance under the Hart-Scott-Rodino Act, receipt of required state regulatory approvals and other customary closing conditions. In September 2019, Centene and WellCare announced a subsidiary of WellCare had entered into a definitive agreement under which Anthem, Inc. (Anthem) will acquire WellCare's Missouri and Nebraska Medicaid plans. The closing of the transaction with Anthem is subject to U.S. federal antitrust clearance, receipt of Missouri and Nebraska state regulatory approvals and other customary closing conditions, as well as the closing of the WellCare Transaction.

Based on our operating plan, we expect that our available cash, cash equivalents and investments, cash from our operations and cash available under our Revolving Credit Facility will be sufficient to finance our general operations and capital expenditures for at least 12 months from the date of this filing.

#### **REGULATORY CAPITAL AND DIVIDEND RESTRICTIONS**

Our operations are conducted through our subsidiaries. As managed care organizations, most of our subsidiaries are subject to state regulations and other requirements that, among other things, require the maintenance of minimum levels of statutory capital, as defined by each state, and restrict the timing, payment and amount of dividends and other distributions that may be paid to us. Generally, the amount of dividend distributions that may be paid by a regulated subsidiary without prior approval by state regulatory authorities is limited based on the entity's level of statutory net income and statutory capital and surplus.

Our regulated subsidiaries are required to maintain minimum capital requirements prescribed by various regulatory authorities in each of the states in which we operate. As of September 30, 2019, our subsidiaries had aggregate statutory capital and surplus of \$8,616 million, compared with the required minimum aggregate statutory capital and surplus requirements of \$3,225 million. During the nine months ended September 30, 2019, we made net capital contributions of \$33 million to our regulated subsidiaries. For our subsidiaries that file with the National Association of Insurance Commissioners (NAIC), we estimate our RBC percentage to be in excess of 350% of the Authorized Control Level.

Under the California Knox-Keene Health Care Service Plan Act of 1975, as amended ("Knox-Keene"), certain of our California subsidiaries must comply with tangible net equity (TNE) requirements. Under these Knox-Keene TNE requirements, actual net worth less unsecured receivables and intangible assets must be more than the greater of (i) a fixed minimum amount, (ii) a minimum amount based on premiums or (iii) a minimum amount based on healthcare expenditures, excluding capitated amounts. In addition, certain of our California subsidiaries have made certain undertakings to the California Department of Managed Health Care (DMHC) to restrict dividends and loans to affiliates, to the extent that the payment of such would reduce such entities' TNE below the required amount as specified in the undertaking.

Under the New York State Department of Health Codes, Rules and Regulations Title 10, Part 98, our New York subsidiary must comply with contingent reserve requirements. Under these requirements, net worth based upon admitted assets must equal or exceed a minimum amount based on annual net premium income.

The NAIC has adopted rules which set minimum risk based capital requirements for insurance companies, managed care organizations and other entities bearing risk for healthcare coverage. As of September 30, 2019, each of our health plans was in compliance with the risk-based capital requirements enacted in those states.

As a result of the above requirements and other regulatory requirements, certain of our subsidiaries are subject to restrictions on their ability to make dividend payments, loans or other transfers of cash to their parent companies. Such restrictions, unless amended or waived or unless regulatory approval is granted, limit the use of any cash generated by these subsidiaries to pay our obligations. The maximum amount of dividends that can be paid by our insurance company subsidiaries without prior approval of the applicable state insurance departments is subject to restrictions relating to statutory surplus, statutory income and unassigned surplus. As of September 30, 2019, the amount of capital and surplus or net worth that was unavailable for the payment of dividends or return of capital to us was \$3,225 million in the aggregate.



**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.**

**INVESTMENTS AND DEBT**

As of September 30, 2019, we had short-term investments of \$804 million and long-term investments of \$8,570 million, including restricted deposits of \$655 million. The short-term investments generally consist of highly liquid securities with maturities between three and 12 months. The long-term investments consist of municipal, corporate and U.S. Treasury securities, government sponsored obligations, life insurance contracts, asset-backed securities and equity securities and have maturities greater than one year. Restricted deposits consist of investments required by various state statutes to be deposited or pledged to state agencies. Due to the nature of the states' requirements, these investments are classified as long-term regardless of the contractual maturity date. Substantially all of our investments are subject to interest rate risk and will decrease in value if market rates increase. Assuming a hypothetical and immediate 1% increase in market interest rates at September 30, 2019, the fair value of our fixed income investments would decrease by approximately \$271 million. Declines in interest rates over time will reduce our investment income.

We have interest rate swap agreements for a notional amount of \$2,700 million with creditworthy financial institutions to manage the impact of market interest rates on interest expense. Our swap agreements convert a portion of our interest expense from fixed to variable rates to better match the impact of changes in market rates on our variable rate cash equivalent investments. As a result, the fair value of \$2,700 million of our long-term debt varies with market interest rates. Assuming a hypothetical and immediate 1% increase in market interest rates at September 30, 2019, the fair value of our debt would decrease by approximately \$76 million. An increase in interest rates decreases the fair value of the debt and conversely, a decrease in interest rates increases the value.

For a discussion of the interest rate risk that our investments are subject to, see "Risk Factors – Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity."

**INFLATION**

Historically, the inflation rate for medical care costs has been higher than the overall inflation rate for all items. We use various strategies to mitigate the negative effects of healthcare cost inflation. Specifically, our health plans try to control medical and hospital costs through our state savings initiatives and contracts with independent providers of healthcare services. Through these contracted care providers, our health plans emphasize preventive healthcare and appropriate use of specialty and hospital services. Additionally, our contracts with states require actuarially sound premiums that include healthcare cost trend.

While we currently believe our strategies to mitigate healthcare cost inflation will continue to be successful, competitive pressures, new healthcare and pharmaceutical product introductions, demands from healthcare providers and customers, applicable regulations, an increase in the expected rate of inflation for healthcare costs or other factors may affect our ability to control the impact of healthcare cost increases.

**ITEM 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures** - We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the filing of this Form 10-Q, management evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2019. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2019.

**Changes in Internal Control Over Financial Reporting** - No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II  
OTHER INFORMATION**

**ITEM 1. Legal Proceedings.**

A description of the legal proceedings to which the Company and its subsidiaries are a party is contained in Note 11 to the consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

**ITEM 1A. Risk Factors.**

**FACTORS THAT MAY AFFECT FUTURE RESULTS AND THE  
TRADING PRICE OF OUR COMMON STOCK**

You should carefully consider the risks described below before making an investment decision. The trading price of our common stock could decline due to any of these risks, in which case you could lose all or part of your investment. You should also refer to the other information in this filing, including our consolidated financial statements and related notes. The risks and uncertainties described below are those that we currently believe may materially affect our Company. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial also may become important factors that affect our Company. Unless the context otherwise requires, the terms the "Company," "we," "us," "our" or similar terms and "Centene" (i) prior to the closing of the WellCare Transaction, refer to Centene Corporation, together with its consolidated subsidiaries, without giving effect to the WellCare Transaction, and (ii) upon and after the closing of the WellCare Transaction, refer to us, after giving effect to the WellCare Transaction.

***Reductions in funding, changes to eligibility requirements for government sponsored healthcare programs in which we participate and any inability on our part to effectively adapt to changes to these programs could substantially affect our financial position, results of operations and cash flows.***

The majority of our revenues come from government subsidized healthcare programs including Medicaid, Medicare, TRICARE, CHIP, LTSS, ABD, Foster Care and Health Insurance Marketplace premiums. Under most programs, the base premium rate paid for each program differs, depending on a combination of factors such as defined upper payment limits, a member's health status, age, gender, county or region and benefit mix. Since Medicaid was created in 1965, the federal government and the states have shared the costs for this program, with the federal share currently averaging around 59%. We are therefore exposed to risks associated with federal and state government contracting or participating in programs involving a government payor, including but not limited to the general ability of the federal and/or state governments to terminate contracts with them, in whole or in part, without prior notice, for convenience or for default based on performance; potential regulatory or legislative action that may materially modify amounts owed; and our dependence upon Congressional or legislative appropriation and allotment of funds and the impact that delays in government payments could have on our operating cash flow and liquidity. For example, future levels of funding and premium rates may be affected by continuing government efforts to contain healthcare costs and may further be affected by state and federal budgetary constraints. Governments periodically consider reducing or reallocating the amount of money they spend for Medicaid, Medicare, TRICARE, VA, CHIP, LTSS, ABD and Foster Care. Furthermore, Medicare remains subject to the automatic spending reductions imposed by the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012 ("sequestration"), subject to a 2% cap, which was extended by the Bipartisan Budget Act of 2018 for an additional two years through 2027. In addition, reductions in defense spending could have an adverse impact on certain government programs in which we currently participate by, among other things, terminating or materially changing such programs, or by decreasing or delaying payments made under such programs. Adverse economic conditions may continue to put pressures on state budgets as tax and other state revenues decrease while the population that is eligible to participate in these programs remains steady or increases, creating more need for funding. We anticipate this will require government agencies to find funding alternatives, which may result in reductions in funding for programs, contraction of covered benefits, and limited or no premium rate increases or premium rate decreases. A reduction (or less than expected increase), a protracted delay, or a change in allocation methodology in government funding for these programs, as well as termination of one or more contracts for the convenience of the government, may materially and adversely affect our results of operations, financial position and cash flows. In addition, if another federal government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid, Medicare, TRICARE, VA, CHIP, LTSS, ABD, Foster Care and the Health Insurance Marketplaces, may be delayed. Similarly, if state government shutdowns were to occur, state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial position, results of operations or cash flows may be materially affected.

Payments from government payors may be delayed in the future, which, if extended for any significant period of time, could have a material adverse effect on our results of operations, financial position, cash flows or liquidity. In addition, delays in obtaining, or failure to obtain or maintain, governmental approvals, or moratoria imposed by regulatory authorities, could adversely affect our revenues or membership, increase costs or adversely affect our ability to bring new products to market as forecasted. Other changes to our government programs could affect our willingness or ability to participate in any of these programs or otherwise have a material adverse effect on our business, financial condition or results of operations.

Finally, changes in these programs could reduce the number of persons enrolled in or eligible for these programs or increase our administrative or healthcare costs under these programs. For example, maintaining current eligibility levels could cause states to reduce reimbursement or reduce benefits in order for states to afford to maintain eligibility levels. If any state in which we operate were to decrease premiums paid to us or pay us less than the amount necessary to keep pace with our cost trends, it could have a material adverse effect on our results of operations, financial position and cash flows.

***Our Medicare programs are subject to a variety of risks that could adversely impact our financial results.***

If we fail to design and maintain programs that are attractive to Medicare participants; if our Medicare operations are subject to negative outcomes from program audits, sanctions or penalties; if we do not submit adequate bids in our existing markets or any expansion markets; if our existing contracts are terminated; or if we fail to maintain or improve our quality Star ratings, our current Medicare business and our ability to expand our Medicare operations could be materially and adversely affected, negatively impacting our financial performance. For example, our parent Star rating for the 2018 rating year was 3.5, which will negatively affect quality bonus payments for Medicare Advantage plans in 2019. These lowered Star ratings for the 2018 rating year for the Medicare Advantage plan (H0562) and the Company may have reduced the attractiveness of the affected plans and our other offerings to members, reduce revenue from the affected plan and impact our Medicare expansion efforts, which are a strategic focus for the Company.

There are also specific additional risks under Title XVIII, Part D of the Social Security Act associated with our provision of Medicare Part D prescription drug benefits as part of our Medicare Advantage plan offerings. These risks include potential uncollectibility of receivables, inadequacy of pricing assumptions, inability to receive and process information and increased pharmaceutical costs, as well as the underlying seasonality of this business, and extended settlement periods for claims submissions. Our failure to comply with Part D program requirements can result in financial and/or operational sanctions on our Part D products, as well as on our Medicare Advantage products that offer no prescription drug coverage.

Our business could be adversely affected by a single-payer national health insurance system currently contemplated by members of Congress. Several legislative initiatives have been proposed that would establish some form of a single public or quasi-public agency that organizes healthcare financing, but healthcare delivery would remain private.

***Failure to accurately estimate and price our medical expenses or effectively manage our medical costs or related administrative costs could negatively affect our financial position, results of operations and cash flows.***

Our profitability depends to a significant degree on our ability to estimate and effectively manage expenses related to health benefits through, among other things, our ability to contract favorably with hospitals, physicians and other healthcare providers. For example, our Medicaid revenue is often based on bids submitted before the start of the initial contract year. If our actual medical expenses exceed our estimates, our Health Benefits Ratio (HBR), or our expenses related to medical services as a percentage of premium revenues, would increase and our profits would decline. Because of the narrow margins of our health plan business, relatively small changes in our HBR can create significant changes in our financial results. Changes in healthcare regulations and practices, the level of utilization of healthcare services, hospital and pharmaceutical costs, disasters, the potential effects of climate change, major epidemics, pandemics or newly emergent viruses, new medical technologies, new pharmaceutical compounds, increases in provider fraud and other external factors, including general economic conditions such as inflation and unemployment levels, are generally beyond our control and could reduce our ability to accurately predict and effectively control the costs of providing health benefits. Also, member behavior could continue to be influenced by the uncertainty surrounding changes to the ACA, including the repeal of the ACA's individual mandate in the Tax Cuts and Jobs Act of 2017 (TCJA).

Our medical expenses include claims reported but not paid, estimates for claims incurred but not reported, and estimates for the costs necessary to process unpaid claims at the end of each period. Our development of the medical claims liability estimate is a continuous process which we monitor and refine on a monthly basis as claims receipts and payment information as well as inpatient acuity information becomes available. As more complete information becomes available, we adjust the amount of the estimate, and include the changes in estimates in medical expenses in the period in which the changes are identified. Given the uncertainties inherent in such estimates, there can be no assurance that our medical claims liability estimate will be adequate, and any adjustments to the estimate may unfavorably impact our results of operations and may be material.

Additionally, when we commence operations in a new state, region or product, we have limited information with which to estimate our medical claims liability. For a period of time after the inception of the new business, we base our estimates on government-provided historical actuarial data and limited actual incurred and received claims and inpatient acuity information. The addition of new categories of eligible individuals, as well as evolving Health Insurance Marketplace plans, may pose difficulty in estimating our medical claims liability.

From time to time in the past, our actual results have varied from our estimates, particularly in times of significant changes in the number of our members. If it is determined that our estimates are significantly different than actual results, our results of operations and financial position could be adversely affected. In addition, if there is a significant delay in our receipt of premiums, our business operations, cash flows, or earnings could be negatively impacted.

***The implementation of the ACA, as well as potential repeal of or changes to the ACA, could materially and adversely affect our results of operations, financial position and cash flows.***

In March 2010, the ACA was enacted. While the constitutionality of the ACA was generally upheld by the Supreme Court (the Court) in 2012, the Court determined that states could elect to opt out of the Medicaid expansion portion of ACA without losing all federal money for their existing Medicaid programs.

Under the ACA, Medicaid coverage was expanded to all individuals under age 65 with incomes up to 138% of the federal poverty level beginning January 1, 2014, subject to each state's election. The federal government paid the entire cost for Medicaid coverage for newly eligible beneficiaries for three years (2014 through 2016). Beginning in 2017, the federal share began to decline, and will end at 90% for 2020 and subsequent years. As of September 30, 2019, 36 states and the District of Columbia have expanded Medicaid eligibility, and additional states continue to discuss expansion. The ACA also maintained CHIP eligibility standards through September 2019.

The ACA required the establishment of Health Insurance Marketplaces for individuals and small employers to purchase health insurance coverage. The ACA also required insurers participating on the Health Insurance Marketplaces to offer a minimum level of benefits and included guidelines on setting premium rates and coverage limitations. On December 22, 2017, the TCJA was signed, repealing the individual mandate requirement of the ACA beginning in 2019. On August 1, 2018, the HHS issued a final rule permitting the duration of short-term health insurance plans to be extended up to 36 months in total. The final rule went into effect on October 2, 2018, however, many states have implemented their own restrictions on the initial term and/or renewal term for such short-term plans. In July 2019, a U.S. District Court for the District of Columbia upheld a challenge to the final rule; however, an appeal was filed shortly after with the U.S. Court of Appeals for the District of Columbia.

Additionally, the U.S. Department of Labor issued a final rule on June 19, 2018 which expanded flexibility regarding the regulation and formation of association health plans (AHPs) provided by small employer groups and associations. This final rule allows more employer groups and associations to form AHPs based upon common geography and industry sector. On March 29, 2019, the Court struck down the U.S. Department of Labor's final rule as inconsistent with current law under ERISA. The U.S. Department of Justice filed an appeal on April 26, 2019, which is still pending. Short-term health insurance plans and AHPs often provide fewer benefits than the traditional ACA insurance benefits. These changes and other potential changes involving the functioning of the Health Insurance Marketplaces as a result of new legislation, regulation or executive action, could impact our business and results of operations. On June 13, 2019, the HHS, the U.S. Department of Labor and the U.S. Treasury issued a final rule allowing employers of all sizes that do not offer a group coverage plan to fund a new kind of health reimbursement arrangement (HRA), known as an individual coverage HRA (ICHRA). Beginning January 1, 2020, employees will be able to use employer-funded ICHRAs to buy individual-market insurance, including insurance purchased on the public exchanges formed under the ACA.

Any failure to adequately price products offered or reduction in products offered in the Health Insurance Marketplaces may have a negative impact on our results of operations, financial position and cash flow. Among other things, due to the repeal of the individual mandate in the TCJA, we may be adversely selected by individuals who have higher acuity levels than those individuals who selected us in the past and healthy individuals may decide to opt out of the pool altogether. In addition, the risk adjustment provisions of the ACA established to apportion risk amongst insurers may not be effective in appropriately mitigating the financial risks related to the Marketplace product, are subject to a high degree of estimation and variability, and are affected by our members' acuity relative to the membership acuity of other insurers. Further, changes in the competitive marketplace over time may exacerbate the uncertainty in these relatively new markets. For example, competitors seeking to gain a foothold in the changing market may introduce pricing that we may not be able to match, which may adversely affect our ability to compete effectively. Competitors may also choose to exit the market altogether or otherwise suffer financial difficulty, which could adversely impact the pool of potential insured, or require us to increase premium rates. Any significant variation from our expectations regarding acuity, enrollment levels, adverse selection, or other assumptions utilized in setting adequate premium rates could have a material adverse effect on our results of operations, financial position and cash flows.

The HHS has stated that it will consider a limited number of premium assistance demonstration proposals from states that want to privatize Medicaid expansion. States must provide a choice between at least two qualified health plans and offer very similar benefits as those available in the Health Insurance Marketplaces. Arkansas was the first state to obtain federal approval to use Medicaid funding to purchase private insurance for low-income residents, and we began operations under the program beginning January 1, 2014. Several states have obtained Section 1115 waivers to implement the ACA's Medicaid expansion in ways that extend beyond the flexibility provided by the federal law. In addition, many states are pursuing Section 1115 waivers regarding eligibility criteria, benefits and cost-sharing, and provider payments across their Medicaid programs.

Each administration has some discretion over which waivers to approve and encourage, however, that discretion is not unlimited. Litigation challenging previous waiver approvals is also ongoing. Section 1115 waiver activity is expected to continue both through administrative actions and the courts.

The ACA imposed an annual insurance industry assessment of \$8.0 billion in 2014, and \$11.3 billion in each of 2015 and 2016, with increasing annual amounts thereafter. The health insurer fee payable in 2017 was suspended by the Consolidated Appropriations Act for fiscal year 2016. However, the \$14.3 billion payment resumed in 2018. Collection of the health insurer fee for 2019 has also been suspended, but absent legislative action, collection of the health insurer fee is expected to resume in 2020 and the annual insurance assessment for 2020 is expected to be \$15.5 billion. Such assessments are not deductible for federal and most state income tax purposes. The fee is allocated based on health insurers' premium revenues in the previous year. Each health insurer's fee is calculated by multiplying its market share by the annual fee. Market share is based on commercial, Medicare, and Medicaid premium revenues. Not-for-profit insurers may have a competitive advantage since they are exempt from paying the fee if they receive at least 80% of their premium revenues from Medicare, Medicaid, and CHIP, and other not-for-profit insurers are allowed to exclude 50% of their premium revenues from the fee calculation. There are ongoing challenges pending against the federal government regarding the requirement to reimburse Medicaid managed care organizations for the industry assessment. If we are not reimbursed by the states for the cost of the federal premium assessment (including the associated tax impact), or if we are unable to otherwise adjust our business model to address this new assessment, our results of operations, financial position and cash flows may be materially adversely affected.

There are numerous steps regulators require for continued implementation of the ACA, including the promulgation of a substantial number of potentially more onerous federal regulations. For example, in April 2016, CMS issued final regulations that revised existing Medicaid managed care rules by establishing a minimum MLR standard for Medicaid of 85% and strengthening provisions related to network adequacy and access to care, enrollment and disenrollment protections, beneficiary support information, continued service during beneficiary appeals, and delivery system and payment reform initiatives, among others. If we fail to effectively implement or appropriately adjust our operational and strategic initiatives with respect to the implementation of healthcare reform, or do not do so as effectively as our competitors, our results of operations may be materially adversely affected.

On March 23, 2018, Congress further bolstered the current administration's position to end cost-sharing subsidies by omitting cost sharing subsidy payments from the two-year Omnibus Spending Bill. This bill, coupled with the current administration's decision to end payments, could affect our earnings and potential premium rate adjustments going forward.

Changes to, or repeal of, portions or the entirety of the ACA, as well as judicial interpretations in response to legal and other constitutional challenges, could materially and adversely affect our business and financial position, results of operations or cash flows. Even if the ACA is not amended or repealed, the current administration could continue to propose changes impacting implementation of the ACA, which could materially and adversely affect our financial position or operations. Most recently, a December 2018 partial summary judgment ruling in *Texas v. United States of America* held that the ACA's individual mandate requirement was essential to the ACA, and without it, the remainder of the ACA was invalid. This ruling is being appealed and the ACA remains in effect until the appeal is concluded. The ultimate content, timing or effect of any potential future legislation enacted under the current administration or the outcome of the lawsuit cannot be predicted.

***Our business activities are highly regulated and new laws or regulations or changes in existing laws or regulations or their enforcement or application could force us to change how we operate and could harm our business.***

Our business is extensively regulated by the states in which we operate and by the federal government. In addition, the managed care industry has received negative publicity that has led to increased legislation, regulation, review of industry practices and private litigation in the commercial sector. Such negative publicity may adversely affect our stock price and damage our reputation in various markets.

In each of the jurisdictions in which we operate, we are regulated by the relevant insurance, health and/or human services or government departments that oversee the activities of managed care organizations providing or arranging to provide services to Medicaid, Medicare, Health Insurance Marketplace enrollees or other beneficiaries. For example, our health plan subsidiaries, as well as our applicable specialty companies, must comply with minimum statutory capital and other financial solvency requirements, such as deposit and surplus requirements.

The frequent enactment of, changes to, or interpretations of laws and regulations could, among other things: force us to restructure our relationships with providers within our network; require us to implement additional or different programs and systems; restrict revenue and enrollment growth; increase our healthcare and administrative costs; impose additional capital and surplus requirements; and increase or change our liability to members in the event of malpractice by our contracted providers. In addition, changes in political party or administrations at the state, federal or country level may change the attitude towards healthcare programs and result in changes to the existing legislative or regulatory environment.

Additionally, the taxes and fees paid to federal, state and local governments may increase due to several factors, including: enactment of, changes to, or interpretations of tax laws and regulations, audits by governmental authorities, geographic expansions into higher taxing jurisdictions and the effect of expansions into international markets.

Our contracts with states may require us to maintain a minimum HBR or may require us to share profits in excess of certain levels. In certain circumstances, our plans may be required to return premiums back to the state in the event profits exceed established levels or HBR does not meet the minimum requirement. Factors that may impact the amount of premium returned to the state include transparent pharmacy pricing and rebate initiatives. Other states may require us to meet certain performance and quality metrics in order to maintain our contract or receive additional or full contractual revenue.

The governmental healthcare programs in which we participate are subject to the satisfaction of certain regulations and performance standards. For example, under the ACA, Congress authorized CMS and the states to implement managed care demonstration programs to serve dually eligible beneficiaries to improve the coordination of their care. Participation in these demonstration programs is subject to CMS approval and the satisfaction of conditions to participation, including meeting certain performance requirements. Our inability to improve or maintain adequate quality scores and Star ratings to meet government performance requirements or to match the performance of our competitors could result in limitations to our participation in or exclusion from these or other government programs. Specifically, several of our Medicaid contracts require us to maintain a Medicare health plan. Additionally, CMS issued a Notice of Proposed Rulemaking on November 8, 2018, advancing CMS' efforts to streamline the Medicaid and CHIP managed care regulatory framework and to pursue a broader strategy to relieve regulatory burdens, support state flexibility and local leadership, and promote transparency, flexibility, and innovation in the delivery of care. Public comments were due by January 14, 2019; however, a final rule has yet to be issued. Although we strive to comply with all existing regulations and to meet performance standards applicable to our business, failure to meet these requirements could result in financial fines and penalties. Also, states or other governmental entities may not allow us to continue to participate in their government programs, or we may fail to win procurements to participate in such programs, either of which could materially and adversely affect our results of operations, financial position and cash flows.

In addition, as a result of the expansion of our businesses and operations conducted in foreign countries, we face political, economic, legal, compliance, regulatory, operational and other risks and exposures that are unique and vary by jurisdiction. These foreign regulatory requirements with respect to, among other items, environmental, tax, licensing, intellectual property, privacy, data protection, investment, capital, management control, labor relations, and fraud and corruption regulations are different than those faced by our domestic businesses. In addition, we are subject to U.S. laws that regulate the conduct and activities of U.S.-based businesses operating abroad, such as the Foreign Corrupt Practices Act (FCPA). Our failure to comply with laws and regulations governing our conduct outside the United States or to successfully navigate international regulatory regimes that apply to us could adversely affect our ability to market our products and services, which may have a material adverse effect on our business, financial condition and results of operations.

***Our businesses providing pharmacy benefit management (PBM) and specialty pharmacy services face regulatory and other risks and uncertainties which could materially and adversely affect our results of operations, financial position and cash flows.***

We provide PBM and specialty pharmacy services, including through our Envolve Pharmacy Solutions product. These businesses are subject to federal and state laws that govern the relationships of the business with pharmaceutical manufacturers, physicians, pharmacies, customers and consumers. We also conduct business as a mail order pharmacy and specialty pharmacy, which subjects these businesses to extensive federal, state and local laws and regulations. In addition, federal and state legislatures and regulators regularly consider new regulations for the industry that could materially and adversely affect current industry practices, including the receipt or disclosure of rebates from pharmaceutical companies, the development and use of formularies, and the use of average wholesale prices.

Our PBM and specialty pharmacy businesses would be materially and adversely affected by an inability to contract on favorable terms with pharmaceutical manufacturers and other suppliers, including with respect to the structuring of rebates and pricing of new specialty and generic drugs. In addition, our PBM and specialty pharmacy businesses could face potential claims in connection with purported errors by our mail order or specialty pharmacies, including in connection with the risks inherent in the authorization, compounding, packaging and distribution of pharmaceuticals and other healthcare products. Disruptions at any of our mail order or specialty pharmacies due to an event that is beyond our control could affect our ability to process and dispense prescriptions in a timely manner and could materially and adversely affect our results of operations, financial position and cash flows.

***If any of our government contracts are terminated or are not renewed on favorable terms or at all, or if we receive an adverse finding or review resulting from an audit or investigation, our business may be adversely affected.***

A substantial portion of our business relates to the provision of managed care programs and selected services to individuals receiving benefits under governmental assistance or entitlement programs. We provide these and other healthcare services under contracts with government entities in the areas in which we operate. Our government contracts are generally intended to run for a fixed number of years and may be extended for an additional specified number of years if the contracting entity or its agent elects to do so. When our contracts with government entities expire, they may be opened for bidding by competing healthcare providers, and there is no guarantee that our contracts will be renewed or extended. Competitors may buy their way into the market by submitting bids with lower pricing. Even if our responsive bids are successful, the bids may be based upon assumptions or other factors which could result in the contracts being less profitable than we had anticipated. Further, our government contracts contain certain provisions regarding eligibility, enrollment and dis-enrollment processes for covered services, eligible providers, periodic financial and informational reporting, quality assurance, timeliness of claims payment and agreement to maintain a Medicare plan in the state and financial standards, among other things, and are subject to cancellation if we fail to perform in accordance with the standards set by regulatory agencies.

We are also subject to various reviews, audits and investigations to verify our compliance with the terms of our contracts with various governmental agencies, as well as compliance with applicable laws and regulations. Any adverse review, audit or investigation could result in, among other things: cancellation of our contracts; refunding of amounts we have been paid pursuant to our contracts; imposition of fines, penalties and other sanctions on us; loss of our right to participate in various programs; increased difficulty in selling our products and services; loss of one or more of our licenses; lowered quality Star ratings; or required changes to the way we do business. In addition, under government procurement regulations and practices, a negative determination resulting from a government audit of our business practices could result in a contractor being fined, debarred and/or suspended from being able to bid on, or be awarded, new government contracts for a period of time.

If any of our government contracts are terminated, not renewed, renewed on less favorable terms, or not renewed on a timely basis, or if we receive an adverse finding or review resulting from an audit or investigation, our business and reputation may be adversely impacted, our goodwill could be impaired and our financial position, results of operations or cash flows may be materially affected.

We contract with independent third-party vendors and service providers who provide services to us and our subsidiaries or to whom we delegate selected functions. Violations of, or noncompliance with, laws and regulations governing our business by such third parties, or governing our dealings with such parties, could, among other things, subject us to additional audits, reviews and investigations and other adverse effects.

***Ineffectiveness of state-operated systems and subcontractors could adversely affect our business.***

A number of our health plans rely on other state-operated systems or subcontractors to qualify, solicit, educate and assign eligible members into managed care plans. The effectiveness of these state operations and subcontractors can have a material effect on a health plan's enrollment in a particular month or over an extended period. When a state implements either new programs to determine eligibility or new processes to assign or enroll eligible members into health plans, or when it chooses new subcontractors, there is an increased potential for an unanticipated impact on the overall number of members assigned to managed care plans.

***Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity.***

We maintain a significant investment portfolio of cash equivalents and short-term and long-term investments in a variety of securities, which are subject to general credit, liquidity, market and interest rate risks and will decline in value if interest rates increase or one of the issuers' credit ratings is reduced. As a result, we may experience a reduction in value or loss of our investments, which may have a negative adverse effect on our results of operations, liquidity and financial condition.

***Execution of our growth strategy may increase costs or liabilities, or create disruptions in our business.***

Our growth strategy includes, without limitation, the acquisition and expansion of health plans participating in government sponsored healthcare programs and specialty services businesses, contract rights and related assets of other health plans both in our existing service areas and in new markets and start-up operations in new markets or new products in existing markets. We continue to pursue opportunistic acquisitions to expand into new geographies and complementary business lines as well as to augment existing operations, and we may be in discussions with respect to one or multiple targets at any given time. Although we review the records of companies or businesses we plan to acquire, it is possible that we could assume unanticipated liabilities or adverse operating conditions, or an acquisition may not perform as well as expected or may not achieve timely profitability. We also face the risk that we will not be able to effectively integrate acquisitions into our existing operations effectively without substantial expense, delay or other operational or financial problems and we may need to divert more management resources to integration than we planned.

In connection with start-up operations and system migrations, we may incur significant expenses prior to commencement of operations and the receipt of revenue. For example, in order to obtain a certificate of authority in most jurisdictions, we must first establish a provider network, have systems in place and demonstrate our ability to administer a state contract and process claims. We may experience delays in operational start dates. As a result of these factors, start-up operations may decrease our profitability. In addition, we are planning to expand our business internationally and we will be subject to additional risks, including, but not limited to, political risk, an unfamiliar regulatory regime, currency exchange risk and exchange controls, cultural and language differences, foreign tax issues, and different labor laws and practices.

If we are unable to effectively execute our growth strategy, our future growth will suffer and our results of operations could be harmed.

***If competing managed care programs are unwilling to purchase specialty services from us, we may not be able to successfully implement our strategy of diversifying our business lines.***

We are seeking to diversify our business lines into areas that complement our government sponsored health plan business in order to grow our revenue stream and balance our dependence on risk reimbursement. In order to diversify our business, we must succeed in selling the services of our specialty subsidiaries not only to our managed care plans, but to programs operated by third parties. Some of these third-party programs may compete with us in some markets, and they therefore may be unwilling to purchase specialty services from us. In any event, the offering of these services will require marketing activities that differ significantly from the manner in which we seek to increase revenues from our government sponsored programs. Our ineffectiveness in marketing specialty services to third parties may impair our ability to execute our business strategy.



*Adverse credit market conditions may have a material adverse effect on our liquidity or our ability to obtain credit on acceptable terms.*

In the past, the securities and credit markets have experienced extreme volatility and disruption. The availability of credit, from virtually all types of lenders, has at times been restricted. In the event we need access to additional capital to pay our operating expenses, fund subsidiary surplus requirements, make payments on or refinance our indebtedness, pay capital expenditures, or fund acquisitions, our ability to obtain such capital may be limited and the cost of any such capital may be significant, particularly if we are unable to access our existing credit facility.

Our access to additional financing will depend on a variety of factors such as prevailing economic and credit market conditions, the general availability of credit, the overall availability of credit to our industry, our credit ratings and credit capacity, and perceptions of our financial prospects. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. If a combination of these factors were to occur, our internal sources of liquidity may prove to be insufficient, and in such case, we may not be able to successfully obtain sufficient additional financing on favorable terms, within an acceptable time, or at all.

*If state regulators do not approve payments of dividends and distributions by our subsidiaries to us, we may not have sufficient funds to implement our business strategy.*

We principally operate through our health plan subsidiaries. As part of normal operations, we may make requests for dividends and distributions from our subsidiaries to fund our operations. These subsidiaries are subject to regulations that limit the amount of dividends and distributions that can be paid to us without prior approval of, or notification to, state regulators. If these regulators were to deny our subsidiaries' requests to pay dividends, the funds available to us would be limited, which could harm our ability to implement our business strategy.

*We derive a majority of our premium revenues from operations in a limited number of states, and our financial position, results of operations or cash flows could be materially affected by a decrease in premium revenues or profitability in any one of those states.*

Operations in a limited number of states have accounted for most of our premium revenues to date. If we were unable to continue to operate in any of those states or if our current operations in any portion of one of those states were significantly curtailed, our revenues could decrease materially. Our reliance on operations in a limited number of states could cause our revenues and profitability to change suddenly and unexpectedly depending on legislative or other governmental or regulatory actions and decisions, economic conditions and similar factors in those states. For example, states we currently serve may open the bidding for their Medicaid program to other health insurers through a request for proposal process. Our inability to continue to operate in any of the states in which we operate could harm our business.

*Competition may limit our ability to increase penetration of the markets that we serve.*

We compete for members principally on the basis of size and quality of provider networks, benefits provided and quality of service. We compete with numerous types of competitors, including other health plans and traditional state Medicaid programs that reimburse providers as care is provided, as well as technology companies, new joint ventures, financial services firms, consulting firms and other non-traditional competitors. In addition, the administration of the ACA has the potential to shift the competitive landscape in our segment.

Some of the health plans with which we compete have greater financial and other resources and offer a broader scope of products than we do. In addition, significant merger and acquisition activity has occurred in the managed care industry, as well as complementary industries, such as the hospital, physician, pharmaceutical, medical device and health information systems businesses. To the extent that competition intensifies in any market that we serve, as a result of industry consolidation or otherwise, our ability to retain or increase members and providers, or maintain or increase our revenue growth, pricing flexibility and control over medical cost trends may be adversely affected.

***If we are unable to maintain relationships with our provider networks, our profitability may be harmed.***

Our profitability depends, in large part, upon our ability to contract at competitive prices with hospitals, physicians and other healthcare providers. Our provider arrangements with our primary care physicians, specialists and hospitals generally may be canceled by either party without cause upon 90 to 120 days prior written notice. We cannot provide any assurance that we will be able to continue to renew our existing contracts or enter into new contracts on a timely basis or under favorable terms enabling us to service our members profitably. Healthcare providers with whom we contract may not properly manage the costs of services, maintain financial solvency or avoid disputes with other providers. Any of these events could have a material adverse effect on the provision of services to our members and our operations.

In any particular market, physicians and other healthcare providers could refuse to contract, demand higher payments, or take other actions that could result in higher medical costs or difficulty in meeting regulatory or accreditation requirements, among other things. In some markets, certain healthcare providers, particularly hospitals, physician/hospital organizations or multi-specialty physician groups, may have significant market positions or near monopolies that could result in diminished bargaining power on our part. In addition, accountable care organizations, practice management companies, which aggregate physician practices for administrative efficiency and marketing leverage, and other organizational structures that physicians, hospitals and other healthcare providers choose may change the way in which these providers interact with us and may change the competitive landscape. Such organizations or groups of healthcare providers may compete directly with us, which could adversely affect our operations, and our results of operations, financial position and cash flows by impacting our relationships with these providers or affecting the way that we price our products and estimate our costs, which might require us to incur costs to change our operations. Provider networks may consolidate, resulting in a reduction in the competitive environment. In addition, if these providers refuse to contract with us, use their market position to negotiate contracts unfavorable to us or place us at a competitive disadvantage, our ability to market products or to be profitable in those areas could be materially and adversely affected.

From time to time, healthcare providers assert or threaten to assert claims seeking to terminate non-cancelable agreements due to alleged actions or inactions by us. If we are unable to retain our current provider contract terms or enter into new provider contracts timely or on favorable terms, our profitability may be harmed. In addition, from time to time, we may be subject to class action or other lawsuits by healthcare providers with respect to claim payment procedures or similar matters. For example, our wholly owned subsidiary, Health Net Life Insurance Company (HNL), is and may continue to be subject to such disputes with respect to HNL's payment levels in connection with the processing of out-of-network provider reimbursement claims for the provision of certain substance abuse related services. HNL expects to vigorously defend its claims payment practices. Nevertheless, in the event HNL receives an adverse finding in any related legal proceeding or from a regulator, or is otherwise required to reimburse providers for these claims at rates that are higher than expected or for claims HNL otherwise believes are unallowable, our financial condition and results of operations may be materially adversely affected. In addition, regardless of whether any such lawsuits brought against us are successful or have merit, they will still be time-consuming and costly and could distract our management's attention. As a result, under such circumstances we may incur significant expenses and may be unable to operate our business effectively.

***We may be unable to attract, retain or effectively manage the succession of key personnel.***

We are highly dependent on our ability to attract and retain qualified personnel to operate and expand our business. We would be adversely impacted if we are unable to adequately plan for the succession of our executives and senior management. While we have succession plans in place for members of our executive and senior management team, these plans do not guarantee that the services of our executive and senior management team will continue to be available to us. Our ability to replace any departed members of our executive and senior management team or other key employees may be difficult and may take an extended period of time because of the limited number of individuals in the Managed Care and Specialty Services industry with the breadth of skills and experience required to operate and successfully expand a business such as ours. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these personnel. If we are unable to attract, retain and effectively manage the succession plans for key personnel, executives and senior management, our business and financial position, results of operations or cash flows could be harmed.

*If we are unable to integrate and manage our information systems effectively, our operations could be disrupted.*

Our operations depend significantly on effective information systems. The information gathered and processed by our information systems assists us in, among other things, monitoring utilization and other cost factors, processing provider claims, and providing data to our regulators. Our healthcare providers also depend upon our information systems for membership verifications, claims status and other information. Our information systems and applications require continual maintenance, upgrading and enhancement to meet our operational needs and regulatory requirements. We regularly upgrade and expand our information systems' capabilities. If we experience difficulties with the transition to or from information systems or do not appropriately integrate, maintain, enhance or expand our information systems, we could suffer, among other things, operational disruptions, loss of existing members and difficulty in attracting new members, regulatory problems and increases in administrative expenses. In addition, our ability to integrate and manage our information systems may be impaired as the result of events outside our control, including acts of nature, such as earthquakes or fires, or acts of terrorists. In addition, we may from time to time obtain significant portions of our systems-related or other services or facilities from independent third parties, which may make our operations vulnerable if such third parties fail to perform adequately.

*From time to time, we may become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management.*

From time to time, we are a defendant in lawsuits and regulatory actions and are subject to investigations relating to our business, including, without limitation, medical malpractice claims, claims by members alleging failure to pay for or provide healthcare, claims related to non-payment or insufficient payments for out-of-network services, claims alleging bad faith, investigations regarding our submission of risk adjuster claims, putative securities class actions, and claims related to the imposition of new taxes, including but not limited to claims that may have retroactive application. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on our business and financial position, results of operations and/or cash flows and may affect our reputation. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are costly and time consuming and require significant attention from our management, and could therefore harm our business and financial position, results of operations or cash flows.

*An impairment charge with respect to our recorded goodwill and intangible assets could have a material impact on our results of operations.*

We periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may be impaired, in which case a charge to earnings may be necessary. Changes in business strategy, government regulations or economic or market conditions have resulted and may result in impairments of our goodwill and other intangible assets at any time in the future. Our judgments regarding the existence of impairment indicators are based on, among other things, legal factors, market conditions, and operational performance. For example, the non-renewal of our health plan contracts with the state in which they operate may be an indicator of impairment. If an event or events occur that would cause us to revise our estimates and assumptions used in analyzing the value of our goodwill and other intangible assets, such revision could result in a non-cash impairment charge that could have a material impact on our results of operations in the period in which the impairment occurs.

***If we fail to comply with applicable privacy, security, and data laws, regulations and standards, including with respect to third-party service providers that utilize sensitive personal information on our behalf, our business, reputation, results of operations, financial position and cash flows could be materially and adversely affected.***

As part of our normal operations, we collect, process and retain confidential member information. We are subject to various federal state and international laws and rules regarding the use and disclosure of confidential member information, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009, the Gramm-Leach-Bliley Act, and the General Data Protection Regulation (GDPR), which require us to protect the privacy of medical records and safeguard personal health information we maintain and use. Certain of our businesses are also subject to the Payment Card Industry Data Security Standard, which is a multifaceted security standard that is designed to protect credit card account data as mandated by payment card industry entities. Despite our best attempts to maintain adherence to information privacy and security best practices, as well as compliance with applicable laws, rules and contractual requirements, our facilities and systems, and those of our third-party service providers, may be vulnerable to privacy or security breaches, acts of vandalism or theft, malware or other forms of cyber-attack, misplaced or lost data including paper or electronic media, programming and/or human errors or other similar events. In the past, we have had data breaches resulting in disclosure of confidential or protected health information that have not resulted in any material financial loss or penalty to date. However, future data breaches could require us to expend significant resources to remediate any damage, interrupt our operations and damage our reputation, subject us to state or federal agency review and could also result in enforcement actions, material fines and penalties, litigation or other actions which could have a material adverse effect on our business, reputation and results of operations, financial position and cash flows.

In addition, HIPAA broadened the scope of fraud and abuse laws applicable to healthcare companies. HIPAA established new enforcement mechanisms to combat fraud and abuse, including civil and, in some instances, criminal penalties for failure to comply with specific standards relating to the privacy, security and electronic transmission of protected health information. The HITECH Act expanded the scope of these provisions by mandating individual notification in instances of breaches of protected health information, providing enhanced penalties for HIPAA violations, and granting enforcement authority to states' Attorneys General in addition to the HHS Office for Civil Rights. The HHS Office for Civil Rights received \$28.7 million from enforcement actions in 2018, surpassing the previous record of \$23.5 million from 2016 by 22 percent. It is possible that Congress may enact additional legislation in the future to increase the amount or application of penalties and to create a private right of action under HIPAA, which could entitle patients to seek monetary damages for violations of the privacy rules.

***If we fail to comply with the extensive federal and state fraud and abuse laws, our business, reputation, results of operations, financial position and cash flows could be materially and adversely affected.***

We, along with all other companies involved in public healthcare programs are the subject of fraud and abuse investigations from time to time. The regulations and contractual requirements applicable to participants in these public sector programs are complex and subject to change. Violations of fraud and abuse laws applicable to us could result in civil monetary penalties, criminal fines and imprisonment, and/or exclusion from participation in Medicaid, Medicare, TRICARE, VA and other federal healthcare programs and federally funded state health programs. Fraud and abuse prohibitions encompass a wide range of activities, including kickbacks for referral of members, incorrect and unsubstantiated billing or billing for unnecessary medical services, improper marketing and violations of patient privacy rights. These fraud and abuse laws include the federal False Claims Act, which prohibits the known filing of a false claim or the known use of false statements to obtain payment from the federal government and the federal anti-kickback statute, which prohibits the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services. Many states have false claim act and anti-kickback statutes that closely resemble the federal False Claims Act and the federal anti-kickback statute. In addition, the Deficit Reduction Act of 2005 encouraged states to enact state-versions of the federal False Claims Act that establish liability to the state for false and fraudulent Medicaid claims and that provide for, among other things, claims to be filed by *qui tam* relators. Federal and state governments have made investigating and prosecuting healthcare fraud and abuse a priority. In the event we fail to comply with the extensive federal and state fraud and abuse laws, our business, reputation, results of operations, financial position and cash flows could be materially and adversely affected.

***A failure in or breach of our operational or security systems or infrastructure, or those of third parties with which we do business, including as a result of cyber-attacks, could have an adverse effect on our business.***

Information security risks have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct our operations, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state agents. Our operations rely on the secure processing, transmission and storage of confidential, proprietary and other information in our computer systems and networks.

Security breaches may arise from external or internal threats. External breaches include hacking personal information for financial gain, attempting to cause harm or interruption to our operations, or intending to obtain competitive information. We experience attempted external hacking or malicious attacks on a regular basis. We maintain a rigorous system of preventive and detective controls through our security programs; however, our prevention and detection controls may not prevent or identify all such attacks on a timely basis, or at all. Internal breaches may result from inappropriate security access to confidential information by rogue employees, consultants or third party service providers. Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential member information, financial data, competitively sensitive information, or other proprietary data, whether by us or a third party, could have a material adverse effect on our business reputation, financial condition, cash flows, or results of operations.

***The market price of our common stock may decline as a result of significant acquisitions.***

The market price of our common stock is generally subject to volatility, and there can be no assurances regarding the level or stability of our share price at any time. The market price of our common stock may decline as a result of acquisitions if, among other things, we are unable to achieve the expected growth in earnings, or if the operational cost savings estimates in connection with the integration of acquired businesses with ours are not realized, or if the transaction costs related to the acquisitions and integrations are greater than expected or if any financing related to the acquisitions is on unfavorable terms. The market price also may decline if we do not achieve the perceived benefits of the acquisitions as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisitions on our financial position, results of operations or cash flows is not consistent with the expectations of financial or industry analysts.

***We may be unable to successfully integrate our business with the assets acquired in the Fidelis Care Acquisition, and realize the anticipated benefits of the Fidelis Care Acquisition.***

We completed the Fidelis Care Acquisition on July 1, 2018. The success of the Fidelis Care Acquisition will depend, in part, on our ability to successfully combine the businesses of Centene and Fidelis Care and realize the anticipated benefits, including synergies, cost savings, growth in earnings, innovation and operational efficiencies, from the combinations. If we are unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected and the value of our common stock may be harmed.

The integration of Fidelis Care's business with our existing business is a complex, costly and time-consuming process. The integration may result in material challenges, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls as a result of the devotion of management's attention to the integration;
- managing a larger combined company;
- maintaining employee morale and retaining key management and other employees;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- retaining existing business and operational relationships and attracting new business and operational relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating geographically separate organizations;
- unanticipated issues in integrating information technology, communications and other systems;
- unanticipated changes in federal or state laws or regulations, including the ACA and any regulations enacted thereunder;
- unforeseen expenses or delays associated with the acquisition and/or integration; and
- decreases in premiums paid under government sponsored healthcare programs by any state in which we operate.

Many of these factors will be outside of our control and any one of them could result in delays, increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially affect our financial position, results of operations and cash flows.

***Our future results may be adversely impacted if we do not effectively manage our expanded operations as a result of the Fidelis Care Acquisition.***

As a result of the Fidelis Care Acquisition, the size of our business is significantly larger. Our ability to successfully manage the expanded business will depend, in part, upon management's ability to design and implement strategic initiatives that address the increased scale and scope of the combined business with its associated increased costs and complexity. There can be no assurances that we will be successful in managing our expanded operations as a result of the Fidelis Care Acquisition or that we will realize the expected growth in earnings, operating efficiencies, cost savings and other benefits.

***We have substantial indebtedness outstanding and may incur additional indebtedness in the future. Such indebtedness could reduce our agility and may adversely affect our financial condition.***

As of September 30, 2019, we had consolidated indebtedness of approximately \$7,041 million. We intend to incur additional indebtedness to finance a portion of the consideration for the Wellcare Transaction, and we may further increase our indebtedness in the future. This increased indebtedness and any resulting higher debt-to-equity ratio will have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs.

Among other things, our revolving credit facility and the indentures governing our notes require us to comply with various covenants that impose restrictions on our operations, including our ability to incur additional indebtedness, create liens, pay dividends, make certain investments or other restricted payments, sell or otherwise dispose of substantially all of our assets and engage in other activities. Our revolving credit facility also requires us to comply with a maximum debt-to-EBITDA ratio and a minimum fixed charge coverage ratio. These restrictive covenants could limit our ability to pursue our business strategies. In addition, any failure by us to comply with these restrictive covenants could result in an event of default under the revolving credit facility and, in some circumstances, under the indentures governing our notes, which, in any case, could have a material adverse effect on our financial condition.

***Changes in the method pursuant to which the LIBOR rates are determined and potential phasing out of LIBOR after 2021 may affect the value of the financial obligations to be held or issued by us that are linked to LIBOR or our results of operations or financial condition.***

As of September 30, 2019, we held \$2.7 billion notional amount of interest rate swaps that use the London interbank offered rate (LIBOR) as a reference rate and borrowings under our revolving credit agreement bear interest based upon various reference rates, including LIBOR. On July 27, 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, announced replacement of U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities called the Secured Overnight Financing Rate ("SOFR"). The first publication of SOFR was released in April 2018. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question and the future of LIBOR at this time is uncertain. As a result, it is not possible to predict the effect of any changes, establishment of alternative references rates or other reforms to LIBOR that may be enacted in the U.K. or elsewhere. The elimination of LIBOR or any other changes or reforms to the determination or supervision of LIBOR could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations.

***We incurred substantial expenses related to the completion of the Fidelis Care Acquisition and expect to incur substantial expenses related to the integration of our business with Fidelis Care.***

There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, payroll, pricing, revenue management, marketing and benefits. In addition, our businesses and Fidelis Care will continue to maintain a presence in St. Louis, Missouri and New York, New York, respectively. The substantial majority of these costs will be non-recurring expenses related to the Fidelis Care Acquisition (including the financing of the Fidelis Care Acquisition), and facilities and systems consolidation costs. We may incur additional costs to maintain employee morale and to retain key employees. We will also incur transaction fees and costs related to formulating integration plans for the combined business, and the execution of these plans may lead to additional unanticipated costs. These incremental transaction and acquisition related costs may exceed the savings we expect to achieve from the elimination of duplicative costs and the realization of other efficiencies related to the integration of the businesses, particularly in the near term and in the event there are material unanticipated costs.

***Future issuances and sales of additional shares of preferred or common stock could reduce the market price of our shares of common stock.***

We may, from time to time, issue additional securities to raise capital or in connection with acquisitions. We often acquire interests in other companies by using a combination of cash and our common stock or just our common stock. Further, shares of preferred stock may be issued from time to time in one or more series as our Board of Directors may from time to time determine each such series to be distinctively designated. The issuance of any such preferred stock could materially adversely affect the rights of holders of our common stock. Any of these events may dilute your ownership interest in our company and have an adverse impact on the price of our common stock.

***The WellCare Transaction may not occur, and if it does, it may not be accretive and may cause dilution to our earnings per share, which may negatively affect the market price of our common stock.***

Although we currently anticipate that the WellCare Transaction will occur and will be accretive to earnings per share (on an adjusted earnings basis that is not pursuant to GAAP) during the second year after the consummation of the WellCare Transaction, this expectation is based on assumptions about our and WellCare's business and preliminary estimates, which may change materially. Certain other amounts to be paid in connection with the WellCare Transaction may cause dilution to our earnings per share or decrease or delay the expected accretive effect of the WellCare Transaction and cause a decrease in the market price of our common stock. In addition, the WellCare Transaction may not occur or we could encounter additional transaction-related costs or other factors such as the failure to realize all of the benefits anticipated in the WellCare Transaction, including cost and revenue synergies. All of these factors could cause dilution to our earnings per share or decrease or delay the expected accretive effect of the WellCare Transaction and cause a decrease in the market price of our common stock.

***The merger with WellCare is subject to conditions, some or all of which may not be satisfied, or completed on a timely basis, if at all. Failure to complete the merger with WellCare could have material adverse effects on our business.***

The completion of the merger is subject to a number of conditions, including, among others, the receipt of U.S. federal antitrust clearance and certain other required state regulatory approvals, which make the completion of the WellCare Transaction and timing thereof uncertain. Also, either the Company or WellCare may terminate the merger agreement (Merger Agreement) if the WellCare Transaction is not consummated by March 26, 2020 (subject to an automatic extension to August 26, 2020 in certain circumstances), except that this right to terminate the Merger Agreement will not be available to any party whose failure to perform any obligation under the Merger Agreement has been the cause of, or the primary factor that resulted in, the failure of the merger to be consummated on or before that date.

If the WellCare Transaction is not completed, our ongoing business may be materially adversely affected and, without realizing any of the benefits that we could have realized had the WellCare Transaction been completed, we will be subject to a number of risks, including the following:

- the market price of our common stock could decline;
- we could owe substantial termination fees to WellCare under certain circumstances;
- if the Merger Agreement is terminated and our board of directors (Board) seeks another business combination, our stockholders cannot be certain that we will be able to find a party willing to enter into any transaction on terms equivalent to or more attractive than the terms that we and WellCare have agreed to in the Merger Agreement;
- time and resources committed by our management to matters relating to the WellCare Transaction could otherwise have been devoted to pursuing other beneficial opportunities;
- we may experience negative reactions from the financial markets or from our customers or employees; and
- we will be required to pay our costs relating to the WellCare Transaction, such as legal, accounting, financial advisory and printing fees, whether or not the WellCare Transaction is completed.

In addition, if the WellCare Transaction is not completed, we could be subject to litigation related to any failure to complete the WellCare Transaction or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement. If any such risk materializes, it could adversely impact our ongoing business.

Similarly, delays in the completion of the WellCare Transaction could, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with uncertainty about completion of the WellCare Transaction and cause us not to realize some or all of the benefits that we expect to achieve if the WellCare Transaction is successfully completed within its expected timeframe. We cannot assure you that the conditions to the closing of the WellCare Transaction will be satisfied or waived or that the WellCare Transaction will be consummated.

***The WellCare Transaction is subject to the expiration or termination of applicable waiting periods and the receipt of approvals, consents or clearances from regulatory authorities that may impose conditions that could have an adverse effect on WellCare, Centene or the combined company or, if not obtained, could prevent completion of the WellCare Transaction.***

Before the merger may be completed, any waiting period (or extension thereof) applicable to the merger must have expired or been terminated, and any approvals, consents or clearances required in connection with the merger must have been obtained, in each case, under U.S. federal antitrust law and other applicable law. In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental authorities may, among other factors, consider the effect of the merger on competition within their relevant jurisdiction. The terms and conditions of the approvals, consents and clearances that are granted may impose requirements, limitations or costs or place restrictions on the conduct of the combined company's business. Under the Merger Agreement, the Company and WellCare have agreed to use their reasonable best efforts to obtain such approvals, consents and clearances and therefore may be required to comply with conditions or limitations imposed by governmental authorities, except that we and our subsidiaries are not required to take actions that, individually or in the aggregate, would result in or would reasonably be expected to result in a burdensome condition, as defined in the Merger Agreement.

In addition, regulators may impose conditions, terms, obligations or restrictions in connection with their approval of or consent to the merger, and such conditions, terms, obligations or restrictions may delay completion of the merger or impose additional material costs on or materially limit the revenues of the combined company following the completion of the merger. There can be no assurance that regulators will choose not to impose such conditions, terms, obligations or restrictions, and, if imposed, such conditions, terms, obligations or restrictions may delay or lead to the abandonment of the merger.

***Centene and WellCare are each subject to business uncertainties and contractual restrictions while the WellCare Transaction is pending, which could adversely affect the business and operations of us or the combined company.***

In connection with the pendency of the WellCare Transaction, it is possible that some customers, suppliers and other persons with whom we or WellCare has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us or WellCare, as the case may be, as a result of the WellCare Transaction, which could negatively affect our current or the combined company's future revenues, earnings and cash flows, as well as the market price of our common stock, regardless of whether the WellCare Transaction is completed.

Under the terms of the Merger Agreement, each of Centene and WellCare are subject to certain restrictions on the conduct of its business prior to completing the merger with WellCare, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could adversely affect each party's businesses and operations prior to the completion of the WellCare Transaction.

Each of the risks described above may be exacerbated by delays or other adverse developments with respect to the completion of the WellCare Transaction.

***Uncertainties associated with the WellCare Transaction may cause a loss of management personnel and other key employees, and we and WellCare may have difficulty attracting and motivating management personnel and other key employees, which could adversely affect the future business and operations of the combined company.***

We and WellCare are dependent on the experience and industry knowledge of their respective management personnel and other key employees to execute their business plans. The combined company's success after the completion of the WellCare Transaction will depend in part upon the ability of us and WellCare to attract, motivate and retain key management personnel and other key employees. Prior to completion of the WellCare Transaction, current and prospective employees of us and WellCare may experience uncertainty about their roles within the combined company following the completion of the WellCare Transaction, which may have an adverse effect on the ability of each of us and WellCare to attract, motivate or retain management personnel and other key employees. In addition, no assurance can be given that the combined company will be able to attract, motivate or retain management personnel and other key employees of us and WellCare to the same extent that we and WellCare have previously been able to attract or retain their own employees.



***Centene and WellCare may be targets of securities class action and derivative lawsuits that could result in substantial costs and may delay or prevent the WellCare Transaction from being completed.***

Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on Centene's and WellCare's respective liquidity and financial condition. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting completion of the WellCare Transaction, then that injunction may delay or prevent the WellCare Transaction from being completed, or from being completed within the expected timeframe, which may adversely affect Centene's business, financial position and results of operation. Currently, Centene is not aware of any securities class action lawsuits or derivative lawsuits having been filed in connection with the WellCare Transaction.

***Completion of the WellCare Transaction may trigger change in control or other provisions in certain agreements to which WellCare or its subsidiaries are a party, which may have an adverse impact on the combined company's business and results of operations.***

The completion of the WellCare Transaction may trigger change in control and other provisions in certain agreements to which WellCare or its subsidiaries are a party. If we and WellCare are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if we and WellCare are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to WellCare or the combined company. Any of the foregoing or similar developments may have an adverse impact on the combined company's business and results of operations.

***The combined company may be unable to successfully integrate our business with WellCare and realize the anticipated benefits of the WellCare Transaction.***

The success of the WellCare Transaction will depend, in part, on the combined company's ability to successfully combine the businesses of Centene and WellCare, which currently operate as independent public companies, and realize the anticipated benefits, including synergies, cost savings, innovation and operational efficiencies, from the combination. If the combined company is unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected and the value of its common stock may be harmed. Additionally, as a result of the WellCare transaction, rating agencies may take negative actions against the combined company's credit ratings, which may increase the combined company's financing costs, including in connection with the financing of the WellCare Transaction.

The WellCare Transaction involves the integration of WellCare's business with our existing business, which is a complex, costly and time-consuming process. We and WellCare have not previously completed a transaction comparable in size or scope to the WellCare Transaction. The integration of the two companies may result in material challenges, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls at one or both of the companies as a result of the devotion of management's attention to the WellCare Transaction;
- managing a larger combined company;
- maintaining employee morale and attracting and motivating and retaining management personnel and other key employees;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- retaining existing business and operational relationships and attracting new business and operational relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating geographically separate organizations;
- unanticipated issues in integrating information technology, communications and other systems;
- unanticipated changes in federal or state laws or regulations, including the ACA and any regulations enacted thereunder; and
- unforeseen expenses or delays associated with the WellCare Transaction.

Many of these factors will be outside of the combined company's control and any one of them could result in delays, increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially affect the combined company's financial position, results of operations and cash flows.

We and WellCare have operated, and until completion of the WellCare Transaction will continue to operate, independently. We and WellCare are currently permitted to conduct only limited planning for the integration of the two companies following the WellCare Transaction and have not yet determined the exact nature of how the businesses and operations of the two companies will be combined after the merger. The actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. These integration matters could have an adverse effect on (i) each of us and WellCare during this transition period and (ii) the combined company for an undetermined period after completion of the WellCare Transaction. In addition, any actual cost savings of the WellCare Transaction could be less than anticipated.

***The future results of the combined company may be adversely impacted if the combined company does not effectively manage its expanded operations following the completion of the WellCare Transaction.***

Following the completion of the WellCare Transaction, the size of the combined company's business will be significantly larger than the current size of our business. The combined company's ability to successfully manage this expanded business will depend, in part, upon management's ability to design and implement strategic initiatives that address not only the integration of two independent stand-alone companies, but also the increased scale and scope of the combined business with its associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the WellCare Transaction.

***The combined company is expected to incur substantial expenses related to the completion of the WellCare Transaction and the integration of our business with WellCare.***

The combined company is expected to incur substantial expenses in connection with the completion of the WellCare Transaction and the integration of our business with WellCare. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, payroll, pricing, revenue management, marketing and benefits. In addition, our and WellCare's businesses will continue to maintain a presence in St. Louis, Missouri and Tampa, Florida, respectively. The substantial majority of these costs will be non-recurring expenses related to the WellCare Transaction (including financing of the WellCare Transaction), facilities and systems consolidation costs. The combined company may incur additional costs to maintain employee morale and to attract, motivate or retain management personnel and other key employees. We will also incur transaction fees and costs related to formulating integration plans for the combined business, and the execution of these plans may lead to additional unanticipated costs. Additionally, as a result of the WellCare Transaction, rating agencies may take negative actions with regard to the combined company's credit ratings, which may increase the combined company's financing costs, including in connection with the financing of the WellCare Transaction.

***The combined company will be significantly more leveraged than Centene is currently.***

Upon completion of the merger, the combined company expects to incur approximately \$6.4 billion in additional indebtedness. The combined company will have consolidated indebtedness of approximately \$15.3 billion, which is greater than our current indebtedness prior to the WellCare Transaction. The increased indebtedness and higher debt-to-equity ratio of the combined company in comparison to that of Centene on a historical basis will have the effect, among other things, of reducing the flexibility of Centene to respond to changing business and economic conditions and increasing borrowing costs.

*The financing arrangements that the combined company will enter into in connection with the WellCare Transaction may, under certain circumstances, contain restrictions and limitations that could significantly impact the combined company's ability to operate its business.*

We are incurring significant new indebtedness in connection with the WellCare Transaction. We expect that the agreements governing the indebtedness that the combined company will incur in connection with the WellCare Transaction will contain covenants that, among other things, may, under certain circumstances, place limitations on the dollar amounts paid or other actions relating to:

- payments in respect of, or redemptions or acquisitions of, debt or equity issued by the combined company or its subsidiaries, including the payment of dividends on our common stock;
- incurring additional indebtedness;
- incurring guarantee obligations;
- paying dividends;
- creating liens on assets;
- entering into sale and leaseback transactions;
- making investments, loans or advances;
- entering into hedging transactions;
- engaging in mergers, consolidations or sales of all or substantially all of their respective assets; and
- engaging in certain transactions with affiliates.

In addition, the combined company will be required to maintain a minimum amount of excess availability as set forth in these agreements.

The combined company's ability to maintain minimum excess availability in future periods will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond the combined company's control. The ability to comply with this covenant in future periods will also depend on the combined company's ability to successfully implement its overall business strategy and realize the anticipated benefits of the WellCare Transaction, including synergies, cost savings, innovation and operational efficiencies.

Various risks, uncertainties and events beyond the combined company's control could affect its ability to comply with the covenants contained in its financing agreements. Failure to comply with any of the covenants in its existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, the combined company might not have sufficient funds or other resources to satisfy all of its obligations. In addition, the limitations imposed by financing agreements on the combined company's ability to incur additional debt and to take other actions might significantly impair its ability to obtain other financing.

We have obtained a commitment letter from potential lenders. However, the definitive loan documents have not been finalized.

ITEM 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

**Issuer Purchases of Equity Securities**  
**Third Quarter 2019**  
**(shares in thousands)**

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
July 1 - July 31, 2019	54	\$ 52.24	—	6,671
August 1 - August 31, 2019	12	47.06	—	6,671
September 1 - September 30, 2019	16	45.51	—	6,671
Total	82	\$ 50.21	—	6,671

<sup>(1)</sup> Shares acquired represent shares relinquished to the Company by certain employees for payment of taxes or option cost upon vesting of restricted stock units or option exercise.

<sup>(2)</sup> Our Board of Directors adopted a stock repurchase program which allows for repurchases of up to a remaining amount of 7 million shares. No duration has been placed on the repurchase program. In October 2019, our Board of Directors approved a \$500 million increase to our Company's stock repurchase program, which is not reflected in the maximum number of shares presented above as of September 30, 2019.

**ITEM 6. Exhibits.**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
10.1	<a href="#">Amendment and Restatement Agreement, dated as of September 11, 2019, to the Credit Agreement, dated as of March 24, 2016, as amended and restated as of May 7, 2019 and December 14, 2017, among Centene Corporation, as borrower, the various financial institutions party thereto, as lenders, the other financial institutions party thereto and Wells Fargo Bank, National Association, as administrative agent.</a>
31.1	<a href="#">Certification of Chairman, President and Chief Executive Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.</a>
31.2	<a href="#">Certification of Executive Vice President and Chief Financial Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.</a>
32.1	<a href="#">Certification of Chairman, President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following materials from the Centene Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) our Consolidated Balance Sheets as of September 30, 2019 and December 31, 2018; (ii) our Consolidated Statements of Operations for the three and nine months ended September 30, 2019 and 2018; (iii) our Consolidated Statements of Comprehensive Earnings for the three and nine months ended September 30, 2019 and 2018; (iv) our Consolidated Statements of Stockholders' Equity for the periods ended September 30, 2019 and 2018; (v) our Consolidated Statements of Cash Flows for the nine months ended September 30, 2019 and 2018; and (vi) the notes to our Consolidated Financial Statements.
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized as of October 22, 2019.

CENTENE CORPORATION

By: /s/ MICHAEL F. NEIDORFF  
Chairman, President and Chief Executive Officer  
*(principal executive officer)*

By: /s/ JEFFREY A. SCHWANEKE  
Executive Vice President and Chief Financial Officer  
*(principal financial officer)*

By: /s/ CHRISTOPHER R. ISAAK  
Senior Vice President, Corporate Controller and Chief Accounting Officer  
*(principal accounting officer)*

CREDIT AGREEMENT

originally dated as of March 24, 2016,

as amended and restated as of December 14, 2017,

as further amended and restated as of May 7, 2019

and as further amended and restated as of September 11, 2019

among

CENTENE CORPORATION,  
as the Company,

THE VARIOUS FINANCIAL INSTITUTIONS PARTY HERETO,  
as Lenders,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Administrative Agent

WELLS FARGO SECURITIES, LLC,  
BARCLAYS BANK PLC,  
BOFA SECURITIES, INC.,  
JPMORGAN CHASE BANK, N.A.,  
MUFG, LTD.

and

SUNTRUST BANK,  
as Joint Lead Arrangers and Joint Bookrunners,

BARCLAYS BANK PLC,  
BANK OF AMERICA, N.A.,  
JPMORGAN CHASE BANK, N.A.,  
MUFG, LTD.

and

SUNTRUST BANK,  
as Co-Syndication Agents,

and

BMO HARRIS BANK N.A.,  
CIBC BANK USA,  
FIFTH THIRD BANK,  
PNC BANK, NATIONAL ASSOCIATION,  
REGIONS BANK

and

U.S. BANK NATIONAL ASSOCIATION,  
as Co-Documentation Agents

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EXHIBIT B	Form of Compliance Certificate ( <a href="#">Section 10.1.3</a> )
EXHIBIT C	Form of Assignment Agreement ( <a href="#">Section 15.5.1</a> )
EXHIBIT D	Form of Notice of Borrowing ( <a href="#">Section 2.2.3</a> )
EXHIBIT E	Form of Notice of Conversion/Continuation ( <a href="#">Section 2.2.4</a> )
EXHIBIT F	Form of Notice of Prepayment ( <a href="#">Section 6.2.1</a> )
EXHIBIT G	Form of Solvency Certificate

## CREDIT AGREEMENT

This CREDIT AGREEMENT dated as of March 24, 2016, as amended and restated as of December 14, 2017, as further amended and restated as of May 7, 2019, and as further amended and restated as of September 11, 2019 (this "Agreement"), is entered into among CENTENE CORPORATION (the "Company"), the financial institutions that are or may from time to time become parties hereto (together with their respective successors and assigns, the "Lenders") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent for the Lenders.

In consideration of the mutual agreements herein contained, the parties hereto agree as follows:

### SECTION 1 DEFINITIONS.

1.1 Definitions. When used herein the following terms shall have the following meanings:

"2017 Credit Agreement" means the Amended and Restated Credit Agreement, dated as of December 14, 2017, among the Company, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, which amended and restated the Original Credit Agreement.

"2019 Amendment and Restatement Agreement" means the Amendment and Restatement Agreement, dated as of May 7, 2019, among the Company, the lenders party thereto and the Administrative Agent.

"2019 Incremental Term Loan" – see Section 2.1.1(b).

"2019 Incremental Term Loan Commitment" means, as to any Lender, such Lender's commitment to make a 2019 Incremental Term Loan under this Agreement. The initial amount of each Lender's 2019 Incremental Term Loan Commitment is set forth on Annex A-2 and the aggregate amount of the 2019 Incremental Term Loan Commitments as of the 2019 Second Restatement Effective Date is \$1,450,000,000.

"2019 Incremental Term Loan Lender" means any Lender holding a 2019 Incremental Term Loan Commitment or any 2019 Incremental Term Loan.

"2019 Incremental Term Loan Maturity Date" means September 11, 2022.

"2019 Restatement Effective Date" has the meaning given to such term in the 2019 Amendment and Restatement Agreement.

"2019 Second Amendment and Restatement Agreement" means the Amendment and Restatement Agreement, dated as of September 11, 2019, among the Company, the lenders party thereto and the Administrative Agent.

"2019 Second Restatement Effective Date" has the meaning given to such term in the 2019 Second Amendment and Restatement Agreement.

"2019 Second Restatement Transaction Costs" means the fees and expenses incurred in connection with (a) the execution, delivery and performance by the Company of the Loan Documents on the 2019 Second Restatement Effective Date, (b) the making of Loans hereunder on the Draw Date and (c) the use of the proceeds thereof.

"2021 Senior Notes" means the 5.625% Senior Notes of the Company due 2021 issued under the 2021 Senior Notes Indenture.

"2021 Senior Notes Indenture" means that certain Indenture, dated February 11, 2016, as supplemented by the First Supplemental Indenture thereto dated March 24, 2016, entered into by the Company in connection with the issuance of the 2021 Senior Notes, together with all instruments and other agreements entered into by the Company in connection therewith.

"2022 Senior Notes" means the 4.75% Senior Notes of the Company due 2022 issued under the 2022 Senior Notes Indenture.

“2022 Senior Notes Indenture” means that certain Indenture, dated April 29, 2014, entered into by the Company in connection with the issuance of the 2022 Senior Notes, together with all instruments and other agreements entered into by the Company in connection therewith.

“2024 Senior Notes” means the 6.125% Senior Notes of the Company due 2024 issued under the 2024 Senior Notes Indenture.

“2024 Senior Notes Indenture” means that certain Indenture, dated February 11, 2016, as supplemented by the First Supplemental Indenture thereto dated March 24, 2016, entered into by the Company in connection with the issuance of the 2024 Senior Notes, together with all instruments and other agreements entered into by the Company in connection therewith.

“2025 Senior Notes” means the 4.75% Senior Notes of the Company due 2025 issued under the 2025 Senior Notes Indenture.

“2025 Senior Notes Indenture” means that certain Indenture, dated November 9, 2016, entered into by the Company in connection with the issuance of the 2025 Senior Notes, together with all instruments and other agreements entered into by the Company in connection therewith.

“2026 Senior Notes” means the 5.375% Senior Notes of the Company due 2026 issued under the 2026 Senior Notes Indenture.

“2026 Senior Notes Indenture” means that certain Indenture, dated May 23, 2018, as supplemented by the First Supplemental Indenture thereto dated July 1, 2018, entered into by the Company in connection with the issuance of the 2026 Senior Notes, together with all instruments and other agreements entered into by the Company in connection therewith.

“Acquisition” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of all or substantially all of any business or division of a Person, (b) the acquisition of the Capital Securities of any Person causing such Person to become a Subsidiary or (c) a merger or consolidation or any other combination with another Person.

“Acquisition Covenant Election” – see Section 11.12.

“Adjusted LIBO Rate” means, with respect to any LIBOR Borrowing in U.S. Dollars for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) obtained by dividing (a) the LIBO Rate for such Interest Period by (b) an amount equal to (i) one minus (ii) the Applicable Reserve Requirement.

“Administrative Agent” means Wells Fargo Bank, National Association, in its capacity as administrative agent for the Lenders hereunder and any successor thereto in such capacity.

“Affected Loan” – see Section 8.3.

“Affiliate” of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any officer or director of such Person and (c) with respect to any Lender, any entity administered or managed by such Lender or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans.

“Agents” means each of the Administrative Agent, the Syndication Agents, the Documentation Agents and, solely for purposes of Section 14, the Joint Lead Arrangers.

“Agreement” – see the Preamble.

“Agreement Currency” – see Section 15.22.

“Alternative Currency” means (a) Australian Dollars, Canadian Dollars, Euros and Sterling and (b) each currency (other than U.S. Dollars and any currency described in clause (a)) approved in writing by the Revolving Lenders and the Issuing Lenders.

“Alternative Currency Sublimit” – see Section 2.1.1.

“Anti-Corruption Laws” means all Laws of any jurisdiction applicable to the Company or any of its Subsidiaries or Unrestricted Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Margin” means, for any day, the rate per annum set forth below opposite the level (the “Level”) then in effect (calculated as of the last day of the quarter most recently ended, using EBITDA for the four quarter period then ended), it being understood that the Applicable Margin for (i) LIBOR Loans, EURIBOR Loans, CDOR Loans and BBR Loans that are Revolving Loans shall be the percentage set forth under the column “LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans”, (ii) Base Rate Loans that are Revolving Loans or Swing Line Loans shall be the percentage set forth under the column “Base Rate Margin for Revolving Loans and Swing Line Loans”, (iii) the Facility Fee Rate shall be the percentage set forth under the column “Facility Fee Rate”, (iv) the L/C Fee Rate shall be the percentage set forth under the column “L/C Fee Rate”, (v) LIBOR Loans that are 2019 Incremental Term Loans shall be the percentage set forth under the column “LIBOR Margin for 2019 Incremental Term Loans” and (vi) Base Rate Loans that are 2019 Incremental Term Loans shall be the percentage set forth under the column “Base Rate Margin for 2019 Incremental Term Loans”:

Level	Total Debt to EBITDA Ratio	LIBOR/ EURIBOR/ CDOR / BBR Margin for Revolving Loans	Base Rate Margin for Revolving Loans and Swing Line Loans	Facility Fee Rate	L/C Fee Rate	LIBOR Margin for 2019 Incremental Term Loans	Base Rate Margin for 2019 Incremental Term Loans
I	Greater than or equal to 3.5:1	1.875%	0.875%	0.275%	1.875%	2.000%	1.000%
II	Greater than or equal to 3.0:1 but less than 3.5:1	1.750%	0.750%	0.250%	1.750%	1.750%	0.750%
III	Greater than or equal to 2.5:1 but less than 3.0:1	1.500%	0.500%	0.200%	1.500%	1.375%	0.375%
IV	Greater than or equal to 2.0:1 but less than 2.5:1	1.250%	0.250%	0.175%	1.250%	1.250%	0.250%
V	Greater than or equal to 1.5:1 but less than 2.0:1	1.000%	0.000%	0.150%	1.000%	1.025%	0.025%
VI	Less than 1.5:1	0.875%	0.000%	0.150%	0.875%	0.900%	0.000%

The LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans, the Base Rate Margin for Revolving Loans and Swing Line Loans, the Facility Fee Rate, the L/C Fee Rate, the LIBOR Margin for 2019 Incremental Term Loans and the Base Rate Margin for 2019 Incremental Term Loans shall be adjusted, to the extent applicable, on the fifth Business Day after the earlier of the date the Company provides or is required to provide the annual and quarterly financial statements and other information pursuant to Section 10.1.1 or 10.1.2, as applicable, and the related Compliance Certificate pursuant to Section 10.1.3. Notwithstanding anything contained in this paragraph to the contrary, (a) until the first delivery after the 2019 Second Restatement Effective Date of the quarterly financial statements and other information required under Section 10.1.2 and the related Compliance Certificate pursuant to Section 10.1.3, the LIBOR Margin for 2019 Incremental Term Loans and the Base Rate Margin for 2019 Incremental Term Loans shall be based on Level V above, (b) if the Company fails to deliver such financial statements and Compliance Certificate in accordance with the provisions of Sections 10.1.1, 10.1.2 and 10.1.3, the LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans, the Base Rate Margin for Revolving Loans and Swing Line Loans, the Facility Fee Rate, the L/C Fee Rate, the LIBOR Margin for 2019 Incremental Term Loans and the Base Rate Margin for 2019 Incremental Term Loans shall be based upon Level I above beginning on the date the Company is notified in writing by the Administrative Agent that such financial statements and Compliance Certificate were not delivered when required until the fifth Business Day after such financial statements and Compliance Certificate are actually delivered, whereupon the Applicable Margin shall be determined by the then current Level and (c) no reduction to any Applicable Margin shall become effective at any time when an Event of Default or Unmatured Event of Default has occurred and is continuing. The Total Debt to EBITDA Ratio as used in the foregoing definition shall be calculated after giving effect to the Centene Plaza Subsidiary Exclusion.

“Applicable Reserve Requirement” means, at any time, for any LIBOR Loan, the maximum rate, expressed as a decimal, at which reserves (including any basic marginal, special, supplemental, emergency or other reserves) are required to be maintained with respect thereto against “Eurocurrency liabilities” (as such term is defined in Regulation D) under regulations issued from time to time by the FRB or other applicable banking regulator. Without limiting

the effect of the foregoing, the Applicable Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the applicable LIBO Rate or any other interest rate of a Loan is to be determined or (ii) any category of extensions of credit or other assets which include LIBOR Loans. A LIBOR Loan shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credit for proration, exceptions or offsets that may be available from time to time to the applicable Lender. The rate of interest on LIBOR Loans shall be adjusted automatically on and as of the effective date of any change in the Applicable Reserve Requirement.

“Approved Electronic Communications” means any notice, demand, communication, information, document or other material that any Loan Party provides to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Agents or to the Lenders or the Issuing Lenders by means of electronic communications pursuant to Section 15.2.2.

“Asset Disposition” means any non-ordinary course sale, transfer, exclusive license, lease or other disposition of any Property (including any sale and leaseback transaction or disposition or issuance of Capital Securities of any Subsidiary of the Company), whether in a single transaction or a series of related transactions, by the Company or any Subsidiary thereof, in each case, to any Person that is not the Company or any Subsidiary thereof, provided that any sale, transfer, license, lease or other disposition of any Property in connection with the Wellington Acquisition shall not constitute an Asset Disposition.

“Assignee” – see Section 15.5.1(a).

“Assignment Agreement” – see Section 15.5.1(a).

“Assignment Date” – see Section 15.5.1(b).

“Attorney Costs” means, with respect to any Person, all reasonable and documented fees and charges of any counsel to such Person, and all court costs and similar legal expenses.

“Australian Dollars” means the lawful currency of Australia.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy”, as now and hereafter in effect, or any successor statute.

“Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate and (c) the Adjusted LIBO Rate that would be payable on such day for a LIBOR Loan in U.S. Dollars with a one-month Interest Period plus 1.00%. For the purposes of clause (c) above, the Adjusted LIBO Rate on any day shall be the applicable Screen Rate at the Specified Time on such day. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Adjusted LIBO Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Rate or the Adjusted LIBO Rate, as the case may be.

“Base Rate Loan” means any Loan or Borrowing which bears interest at or by reference to the Base Rate. Base Rate Loans may be denominated only in U.S. Dollars.

“Base Rate Margin for 2019 Incremental Term Loans” – see the definition of Applicable Margin.

“Base Rate Margin for Revolving Loans and Swing Line Loans” – see the definition of Applicable Margin.

“BB Rate” means, with respect to any BBR Loan for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“BBR”, when used in reference to any Revolving Loans, refers to whether such Revolving Loan is bearing interest at a rate determined by reference to the BB Rate.

“BBR Loan” means any Revolving Loan which bears interest at a rate determined by reference to the BB Rate. BBR Loans may be denominated only in Australian Dollars.

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

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

“**Beneficial Ownership Regulation**” means 31 CFR § 1010.230.

“**BHC Act Affiliate**” – see Section 15.25.

“**Borrowing**” means (a) 2019 Incremental Term Loans of the same class and Type made, converted or continued on the same date and, in the case of LIBOR Loans, as to which a single Interest Period is in effect, (b) Revolving Loans of the same class, Type and currency made, converted or continued on the same date and, in the case of LIBOR Loans, EURIBOR Loans, CDOR Loans or BBR Loans, as to which a single Interest Period is in effect or (c) a Swing Line Loan.

“**Borrowing Minimum**” means (a) in the case of a Borrowing of 2019 Incremental Term Loans or a Borrowing of Revolving Loans denominated in U.S. Dollars, \$1,000,000, (b) in the case of a Borrowing of Revolving Loans denominated in Euro, €1,000,000, (c) in the case of a Borrowing of Revolving Loans denominated in Sterling, £1,000,000, (d) in the case of a Borrowing of Revolving Loans denominated in Canadian Dollars, C\$1,000,000 and (e) in the case of a Borrowing of Revolving Loans denominated in any other Alternative Currency, the smallest amount of such Alternative Currency that is an integral multiple of 1,000,000 units of such currency and that has a U.S. Dollar Equivalent of \$1,000,000 or more.

“**Borrowing Multiple**” means (a) in the case of a Borrowing of 2019 Incremental Term Loans or of a Borrowing of Revolving Loans denominated in U.S. Dollars, \$100,000, (b) in the case of a Borrowing of Revolving Loans denominated in Euro, €100,000, (c) in the case of a Borrowing of Revolving Loans denominated in Sterling, £100,000, (d) in the case of a Borrowing of Revolving Loans denominated in Canadian Dollars, C\$100,000 and (e) in the case of a Borrowing of Revolving Loans denominated in any other Alternative Currency, 100,000 units of such currency.

“**Bridge Loans**” means senior unsecured bridge loans of the Company incurred in lieu of the New Senior Notes.

“**BSA**” – see Section 10.4.

“**Business Day**” means any day other than a Saturday, Sunday or legal holiday on which banks in New York, New York are open for the conduct of their commercial banking business; provided that (a) when used in connection with a LIBOR Loan in any currency or a EURIBOR Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in such currency in the London interbank market, (b) when used in connection with a EURIBOR Loan, the term “Business Day” shall also exclude any day on which the TARGET payment system is not open for the settlement of payments in Euro, (c) when used in connection with a CDOR Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits of Canadian Dollars in the Toronto interbank market and any day on which banks are not open for dealings in deposits in Canadian Dollars in the London interbank market and (d) when used in connection with a BBR Loan, shall also exclude any day on which banks are not open for general business in Sydney, Australia.

“**Canadian Dollars**” or “**CS**” means the lawful money of Canada.

“**Capital Expenditures**” means all expenditures which, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of the Company, including expenditures in respect of Capital Leases, but excluding (a) expenditures made in connection with the replacement, substitution or restoration of assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced and (b) any Centene Plaza Project.

“**Capital Lease**” means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the



balance sheet of such Person (excluding any lease that would be required to be so recorded as a result of a change in GAAP after the Original Effective Date); provided that, for the avoidance of doubt, operating leases recorded as liabilities on the balance sheet due to a change in accounting treatment, or otherwise, shall not be treated as Debt or as Capital Leases for purposes of this Agreement unless otherwise required pursuant to GAAP as in effect on the Original Effective Date.

“Capital Securities” means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s capital, whether now outstanding or issued or acquired after the 2019 Restatement Effective Date, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership, interests in a trust, interests in other unincorporated organizations or any other equivalent of such ownership interest, but excluding any debt securities convertible into such Capital Securities.

“Cash Collateralize” means to deliver cash collateral to the Administrative Agent to be held as cash collateral for outstanding Letters of Credit (in the case of a Letter of Credit denominated in an Alternative Currency, in an amount equal to 103% of the U.S. Dollar Equivalent of the Stated Amount of such Letter of Credit), pursuant to documentation satisfactory to the Administrative Agent and the applicable Issuing Lenders. Derivatives of such term have corresponding meanings.

“CDO Rate” means, with respect to any CDOR Loan for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“CDOR”, when used in reference to any Revolving Loan, refers to whether such Revolving Loan is bearing interest at a rate determined by reference to the CDO Rate.

“CDOR Loan” means any Revolving Loan which bears interest at a rate determined by reference to the CDO Rate. CDOR Loans may be denominated only in Canadian Dollars.

“Centene Plaza Debt” means any Debt of the Company or any of its Subsidiaries used solely to finance a Centene Plaza Project and extensions, renewals and refinancings of such Debt.

“Centene Plaza Project” means the development and construction of any multi-use project in Clayton or University City, Missouri by any Centene Plaza Subsidiary.

“Centene Plaza Subsidiary” means a Wholly-Owned Subsidiary that was, is or will be a developer of any Centene Plaza Project (and shall not engage in any other material activities) and designated as such in writing by the Company from time to time, including those entities listed on Schedule 1.1(d).

“Centene Plaza Subsidiary Exclusion” means an accounting convention in which, for any financial reporting or calculation subject thereto, (i) the Debt of any Centene Plaza Subsidiary shall be excluded, and the calculation shall be made net of the effect of such Debt, unless such Debt becomes fully recourse to any Loan Party or any of their assets, and (ii) the assets, liabilities, equity, income, expenses, cash flow and other results of operations of each Centene Plaza Subsidiary shall be excluded (unless such Debt becomes fully recourse to any Loan Party or any of their assets), as if each such Centene Plaza Subsidiary was unrelated to the Loan Parties and none of the Loan Parties held any Capital Securities of any such Centene Plaza Subsidiary.

“Change of Control” means any Person or Group (as defined by the SEC in Regulation 13-D) becomes the record or beneficial owner, directly or indirectly, of Capital Securities representing 35% or more of the voting power of the Company’s outstanding Capital Securities having the power to vote or acquires the power to elect a majority of the board of directors of the Company.

“Charitable Foundations” means The Centene Charitable Foundation, a Missouri nonprofit corporation, The Cenpatco Foundation, a Missouri nonprofit corporation, and The Centene Foundation for Quality Health Care, a Missouri nonprofit corporation.

“City Development Agreement” means that certain Amended and Restated Development Agreement for the Forsyth/Hanley Project Area dated as of June 1, 2009, by and between the City of Clayton, Missouri and CMC and recorded at Book 18416 Page 65 of the St. Louis County Recorder of Deeds, which City Development Agreement, with respect

to the project, has been assigned to Centene Center LLC, as amended pursuant to that certain Assignment of Amended and Restated Development Agreement dated June 1, 2009 and recorded at Book 18416 Page 106 of the St. Louis County Recorder of Deeds.

“CMC” means CMC Real Estate Company, LLC, a Missouri limited liability company.

“Code” means the Internal Revenue Code of 1986.

“Commitment” means, as to any Lender, such Lender’s Revolving Commitment or 2019 Incremental Term Loan Commitment, as the context requires.

“Commitment Increase” – see Section 2.1.2(g).

“Company,” – see the Preamble.

“Compliance Certificate” means a Compliance Certificate which shall be in substantially the form of Exhibit B.

“Computation Period” means each period of four consecutive Fiscal Quarters ending on the last day of a Fiscal Quarter.

“Consolidated Net Income” means net income attributed to the Company and its Subsidiaries for any period under GAAP (but treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries).

“Consolidated Total Assets” means, at any date, total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP (but treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries), as reflected in the consolidated financial statements of the Company most recently delivered to the Administrative Agent and the Lenders pursuant to Section 10.1.1 or 10.1.2 hereof or under the Existing Credit Agreement.

“Controlled Group” means all members of a controlled group of corporations, all members of a controlled group of trades or businesses (whether or not incorporated) under common control and all members of an affiliated service group which, together with the Company or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

“Covered Entity” – see Section 15.25.

“Covered Party” – see Section 15.25.

“Debt” of any Person means, without duplication, (a) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (b) all borrowed money of such Person, whether or not evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person as lessee under Capital Leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (d) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), including any purchase price adjustment, earnout or deferred payment of a similar nature incurred in connection with an acquisition (but only to the extent that payment has not been made at the time accrued pursuant to such purchase price adjustment, earnout or deferred payment obligation), (e) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person; provided that if such Person has not assumed or otherwise become liable for such indebtedness, such indebtedness shall be measured at the fair market value of such property securing such indebtedness at the time of determination, (f) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn), bankers’ acceptances and similar obligations issued for the account of such Person (including the Letters of Credit), (g) all Hedging Obligations of such Person, (h) all obligations of such Person in respect of mandatory redemption or cash mandatory dividend or similar rights on all Disqualified Equity Interests of such Person, (i) all Guarantee Obligations of such Person with respect to Debt of others and (j) all Debt of any partnership of which such Person is a general partner, solely to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Debt expressly provide that such Person is not liable therefor.

“**Debt Issuance**” means the issuance of any Debt for borrowed money by the Company or any Subsidiary thereof.

“**Default Rate**” means an interest rate equal to 2% per annum in excess of the interest rate otherwise payable hereunder with respect to the applicable Loans (or, in the case of any such fees and other amounts, a rate which is 2% per annum in excess of the interest rate otherwise payable hereunder for Base Rate Loans that are Revolving Loans).

“**Default Right**” – see Section 15.25.

“**Defaulting Lender**” means any Lender that (a) has failed to fund any portion of its Commitment within one Business Day of the date required to be funded by it hereunder, unless the subject of a good faith dispute, (b) has notified the Company, the Administrative Agent or any Lender in writing, or has otherwise indicated through a public statement, that it does not intend to comply with its funding obligations generally under agreements in which it commits to extend credit, (c) has failed, within three Business Days after receipt of a written request from the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Commitments, (d) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, (e) has, or has a direct or indirect parent company that has, become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, custodian, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, custodian, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or (f) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action (as defined in [Section 15.23](#)); **provided** that (i) the Administrative Agent and the Company may declare (A) by joint notice to the Lenders that a Defaulting Lender is no longer a “Defaulting Lender” or (B) that a Lender is not a Defaulting Lender if in the case of both clauses (A) and (B) the Administrative Agent and the Company each determines, in its sole respective discretion, that (x) the circumstances that resulted in such Lender becoming a “Defaulting Lender” no longer apply or (y) it is satisfied that such Lender will continue to perform its funding obligations hereunder and (ii) a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of voting stock or any other equity interest in such Lender or a parent company thereof by a Governmental Authority or an instrumentality thereof so long as such ownership or acquisition of voting stock or any other equity interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“**Defaulting Revolving Lender**” – see [Section 2.6](#).

“**Disqualified Equity Interests**” means, with respect to any Person, any Capital Securities of such Person that, by their terms (or by the terms of any securities or other Capital Securities into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (i) mature or are mandatorily redeemable (other than solely for Capital Securities that are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (ii) are redeemable at the option of the holder thereof (other than solely for Capital Securities which are not otherwise Disqualified Equity Interests), in whole or in part, (iii) provide for scheduled payments or dividends in cash or (iv) are or become convertible into or exchangeable for Debt or any other Capital Securities that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Latest Maturity Date, except, in the case of clauses (j) and (ii), if as a result of a change of control or asset sale, so long as any rights of the holders thereof upon the occurrence of such a change of control or asset sale event are subject to the prior payment in full of all Obligations that are accrued and payable (other than contingent amounts not yet due), the cancellation or expiration of all Letters of Credit and the termination of the Commitments; **provided** that if such Capital Securities are issued pursuant to a plan for the benefit of the Company or its subsidiaries or by any such plan to employees, such Capital Securities shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Company or its subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“District” means the transportation development district formed in connection with a Centene Plaza Project, created under Sections 238.000 to 238.275 R.S.Mo, as amended, and maintained pursuant to the District Development Agreement and the City Development Agreement.

“District Development Agreement” means that certain Transportation Development Agreement dated as of June 1, 2009, as amended by that certain First Amendment to Transportation Development Agreement dated as of April 20, 2010, by and between Centene Center LLC and the District.

“Documentation Agents” means BMO Harris Bank N.A., CIBC Bank USA, Fifth Third Bank, PNC Bank, National Association, Regions Bank and U.S. Bank National Association.

“Dormant Subsidiary” means any Subsidiary of the Company which (a) has no employees, (b) conducts no business operations, (c) has no income, (d) has no assets (other than its name and any associated goodwill) or liabilities and (e) maintains no deposit accounts.

“Draw Date” – see Section 2.1.1(b).

“EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent deducted in determining such Consolidated Net Income, (a) Interest Expense for such period, (b) income tax expense for such period, (c) depreciation and amortization for such period, (d) any extraordinary or non-cash charges and expenses for such period; provided that any cash payment made with respect to any non-cash charges and expenses added back in computing EBITDA for any prior period pursuant to this clause (d) (or that would have been added back had this Agreement been in effect during such prior period) shall be subtracted in computing EBITDA for the period in which such cash payment is made, (e) non-cash charges for such period associated with stock-based compensation expenses pursuant to the financial reporting guidance of the Financial Accounting Standards Board concerning stock-based compensation as in effect from time to time, (f) any non-recurring charges, costs, fees and expenses, (g) the HN Transaction Costs (as defined in the Original Credit Agreement) for such period, the Fidelis Transaction Costs (as defined in the 2017 Credit Agreement) for such period, the Wellington Transaction Costs for such period and the 2019 Second Restatement Transaction Costs for such period, (h) out-of-pocket fees and expenses for such period in connection with any proposed or actual issuance of any Debt or Capital Securities, or any proposed or actual Acquisitions, Investments, asset sales or dispositions permitted hereunder, (i) unrealized losses for such period attributable to the application of “mark to market” accounting in respect of Hedging Agreements and (j) payments of actual or prospective litigation, legal settlements, fines, judgments or orders and costs associated therewith or, if earlier, when accrued or expensed (provided that (x) any amounts added when accrued or expensed shall not be added again when paid and (y) upon any reversal of any amounts accrued or expensed, such amounts shall be deducted from EBITDA to the extent of such reversal), minus, to the extent added in determining such Consolidated Net Income, (i) any extraordinary or non-cash income for such period (including any income as a result of any premium deficiency reserve related to any health plan operated by the Company or any Subsidiaries), (ii) any non-cash gains for such period; provided that any cash gains made with respect to any non-cash gains subtracted in computing EBITDA for any prior period pursuant to this clause (ii) (or that would have been subtracted had this Agreement been in effect during such prior period) shall be added back in computing EBITDA for the period in which such cash gains are made, (iii) any non-recurring gains for such period and (iv) any unrealized gains for such period attributable to the application of “mark to market” accounting in respect of Hedging Agreements. EBITDA shall be determined on a pro forma basis after giving effect to (a) all Acquisitions, Investments, asset sales and dispositions and incurrences and repayments of Debt made by the Company or any Subsidiary at any time during the applicable period, in each case as if such Acquisition, Investment, asset sale or disposition, or incurrence or repayment of Debt had occurred at the beginning of such period and (b) any reduction in costs and related adjustments that were directly attributable to any Acquisition, Investment, asset sale or disposition, incurrence or repayment of Debt or cost savings or restructuring initiative that occurred during such period (i) calculated on a basis that is consistent with Regulation S-X under the Securities Act of 1933 and (ii) such other adjustments which are reflective of actual or reasonably anticipated and factually supportable synergies and cost savings expected to be realized or achieved in the twenty-four months following such Acquisition, Investment, asset sale or disposition, incurrence or repayment of Debt or cost savings or restructuring initiative; provided, however, that for purposes of calculating EBITDA for any period, any such adjustments made pursuant to this clause (ii) shall not increase EBITDA by more than 25% of EBITDA for such period as calculated before giving effect to any such adjustments.

“Eligible Assignee” means any Person other than a natural Person that is (i) a Lender, an Affiliate of any Lender or a Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof)

or (ii) a commercial bank, insurance company, investment or mutual fund or other entity that is an “accredited investor” (as defined in Regulation D under the Securities Act) and which extends credit or buys loans in the ordinary course of business; provided, that neither any Loan Party nor any Affiliate thereof (including any Unrestricted Subsidiary) shall be an Eligible Assignee.

“Environmental Claims” means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for any violation of, or liability arising under, any Environmental Law, including any release or threatened release of any Hazardous Substance.

“Environmental Laws” means all Laws relating to any matter arising out of or relating to public or workplace health and safety, pollution or protection of the environment or natural resources, including to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, emission, release, threatened release, control or cleanup of any Hazardous Substance.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder.

“EURIBO Rate” means, with respect to any EURIBOR Loan for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day; provided that, in the event that such Screen Rate is not available at such time, then the “EURIBO Rate” shall be the arithmetic mean (rounded up to four decimal places) of the rates quoted by two or more reference banks selected by the Administrative Agent in consultation with the Company to leading banks in the Banking Federation of the European Union for the offering of deposits in Euro and for a period comparable to such Interest Period as of such Specified Time on such Quotation Day; provided further that if such arithmetic mean of the rates quoted by such reference banks would be less than 0.0%, the “EURIBO Rate” shall for all purposes of this Agreement be 0.0%.

“EURIBOR”, when used in reference to any Revolving Loan or Borrowing denominated in Euro, refers to whether such Revolving Loan, or the Loans comprising such Borrowing, shall bear interest at a rate determined by reference to the EURIBO Rate.

“EURIBOR Loan” means a Revolving Loan bearing interest at a rate determined by reference to the EURIBO Rate.

“Eurocurrency Loan” means a LIBOR Loan or a EURIBOR Loan.

“Euros” and “€” mean the single currency of the Participating Member States.

“Event of Default” means any of the events described in Section 13.1.

“Excluded Taxes” means (a) taxes based upon, or measured by, the Lender’s or the Administrative Agent’s (or a branch of the Lender’s or the Administrative Agent’s) overall net income, overall net receipts or overall net profits, and franchise taxes, but, in each case, only to the extent such taxes are Other Connection Taxes or are imposed by a taxing authority (i) in a jurisdiction in which such Lender or the Administrative Agent is organized, (ii) in a jurisdiction which the Lender’s or the Administrative Agent’s principal office is located or (iii) in a jurisdiction in which such Lender’s or the Administrative Agent’s lending office (or branch) in respect of which payments under this Agreement are made is located; (b) in the case of a Lender, U.S. federal withholding taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than as a result of an assignment made at the request of the Company pursuant to Section 8.7(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 7.6, amounts with respect to such taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office; (c) taxes attributable to such Recipient’s failure to comply with Section 7.6(d); and (d) any U.S. federal withholding taxes imposed under FATCA.

“Existing Credit Agreement” means the Amended and Restated Credit Agreement, dated as of May 7, 2019, among the Company, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, which amended and restated the 2017 Credit Agreement.

“Extended Commitments” – see the definition of Extension Permitted Amendment.

“Extended Loans” – see the definition of Extension Permitted Amendment.

“Extending Lenders” – see Section 15.1.1(a).

“Extension Agreement” means an Extension Agreement, in form and substance reasonably satisfactory to the Administrative Agent, among the Company, the Administrative Agent and one or more Extending Lenders, effecting an Extension Permitted Amendment and such other amendments hereto and to the other Loan Documents as are contemplated by Section 15.1.1.

“Extension Offer” – see Section 15.1.1(a).

“Extension Permitted Amendment” means an amendment to this Agreement and the other Loan Documents, effected in connection with an Extension Offer pursuant to Section 15.1.1, providing for an extension of the Termination Date applicable to the Extending Lenders’ Loans and/or Commitments of the applicable Extension Request Class (such Loans or Commitments being referred to as the “Extended Loans” or “Extended Commitments”, as applicable) and, in connection therewith, (a) any increase or decrease in the rate of interest accruing on such Extended Loans, (b) any increase in the fees payable to, or the inclusion of new fees to be payable to, the Extending Lenders in respect of such Extension Offer or their Extended Loans or Extended Commitments, (c) such amendments to this Agreement and the other Loan Documents as shall be appropriate, in the reasonable judgment of the Administrative Agent, to provide the rights and benefits of this Agreement and other Loan Documents to each new “class” of loans and/or commitments resulting therefrom and (d) any additional amendments to the terms of this Agreement applicable to the applicable Loans and/or Commitments of the Extending Lenders that are (i) less favorable to such Extending Lenders than the terms of this Agreement prior to giving effect to such Extension Permitted Amendments (as determined in good faith by the Company) or (ii) applicable only to periods after the Latest Maturity Date (determined prior to giving effect to such Extension Permitted Amendment).

“Extension Request Class” – see Section 15.1.1(a).

“Existing Wellington Credit Agreement” means the Amended and Restated Credit Agreement, dated as of July 23, 2018, among Wellington, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

“Existing Wellington Notes” – see the definition of Wellington Consent Solicitation.

“Facility Fee Rate” – see the definition of Applicable Margin.

“FATCA” means Sections 1471 through 1474 of the Code, as of the Original Effective Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreements with respect thereto.

“FCPA” – see Section 9.25(b).

“Federal Funds Rate” means for any day, the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1.00%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent; provided further that, if the Federal Funds Rate determined as provided above would be less than 0.0% per annum, then the Federal Funds Rate shall be deemed to be 0.0% per annum.

“Fiscal Quarter” means a fiscal quarter of a Fiscal Year.

“Fiscal Year” means the fiscal year of the Company and its Subsidiaries, which period shall be the 12-month period ending on December 31 of each year. References to a Fiscal Year with a number corresponding to any calendar year (e.g., “Fiscal Year 2019” or “2019 Fiscal Year”) refer to the Fiscal Year ending on December 31 of such calendar year.

“Fixed Charge Coverage Ratio” means, for any Computation Period, the ratio of (a) the total for such period of EBITDA minus the sum of income taxes paid in cash by the Loan Parties, all non-financed Capital Expenditures and cash dividends paid by the Company to (b) the sum for such period of (i) cash Interest Expense plus (ii) required payments of principal of Funded Debt (excluding any balloon payments at maturity) (but, for all purposes of this definition, treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries).

“FRB” means the Board of Governors of the Federal Reserve System or any successor thereto.

“Funded Debt” means Total Debt of the Company and its Subsidiaries, determined on a consolidated basis, that matures more than one year from the date of its creation (or is renewable or extendible, at the option of such Person, to a date more than one year from such date) (but, for all purposes of this definition, treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries).

“GAAP” means United States generally accepted accounting principles which are applicable to the circumstances as of the date of determination.

“Governmental Authority” means the Federal government of the United States; the government of any foreign country that is recognized by the United States or is a member of the United Nations; any state of the United States; any local government or municipality within the territory or under the jurisdiction of any of the foregoing; any department, agency, division or instrumentality of any of the foregoing; and any court, arbitrator, or board of arbitrators whose orders or judgments are enforceable by or within the territory of any of the foregoing.

“Guarantee Obligation” means, with respect to any Person, each obligation and liability of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other monetary obligation of any other Person in a manner, which directly or indirectly, including any obligations of such Person, directly or indirectly, (i) to purchase, repurchase, or otherwise acquire any indebtedness, obligation or liability of any other Person or any property or assets constituting security therefor, (ii) to advance or provide funds for the payment or discharge of any indebtedness, obligation or liability of any other Person (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, working capital or other financial condition of any other Person, (iii) to lease property or to purchase securities, property or services from such other Person with the purpose of assuring the owner of such indebtedness or monetary obligation of the ability of such other Person to make payment of the indebtedness or obligation, (iv) which induces the issuance of, or in connection with the issuance of, any letter of credit for the benefit of such other Person or (v) to assure a creditor against loss; provided that the term Guarantee Obligations shall not include endorsement of instruments in the course of collection or deposit. The amount of any Guarantee Obligation shall (subject to any limitation set forth herein) be deemed to be the outstanding principal amount (or maximum permitted principal amount, if larger) of the indebtedness, obligation or other liability guaranteed or supported thereby.

“Hazardous Substances” means (a) any petroleum or petroleum products, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, radon gas and mold; (b) any chemicals, materials, pollutant or substances defined as or included in the definition of “hazardous substances”, “hazardous waste”, “hazardous materials”, “extremely hazardous substances”, “restricted hazardous waste”, “toxic substances”, “toxic pollutants”, “contaminants”, “pollutants” or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, the exposure to, or release of, which is prohibited, limited or regulated by any Governmental Authority or could give rise to liability, or for which any duty or standard of care is imposed, pursuant to any Environmental Law.

“Hedging Agreement” means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement, foreign exchange contract, futures contract, option contract, synthetic cap and any other agreement or arrangement, each of which is designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices.

“Hedging Obligation” means, with respect to any Person, any liability (other than an accounting liability which is offset by a corresponding asset pursuant to shortcut method hedge accounting) of such Person under any Hedging Agreement.

“Increased Amount Date” – see Section 2.1.2(b).

“Incremental Commitments” – see Section 2.1.2(a).

“Incremental Lender” means any Lender or other financial institution with an Incremental Commitment.

“Incremental Term Loan” – see Section 2.1.2(a).

“Incremental Term Loan Amendment” – see Section 2.1.2(c).

“Incremental Revolving Loan” – see Section 2.1.2(e).

“Indemnified Liabilities” – see Section 15.16.

“Insurance and Condemnation Event” means the receipt by the Company or any Subsidiary thereof of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective Property.

“Interest Expense” means for any period the consolidated interest expense of the Company and its Subsidiaries for such period (including all imputed interest on Capital Leases but excluding any amount not payable in cash during such period) and treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries.

“Interest Payment Date” means (a) with respect to any Base Rate Loan (other than a Swing Line Loan), the last day of each March, June, September and December, (b) with respect to any LIBOR, EURIBOR, CDOR Loan or BBR Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a LIBOR, EURIBOR, CDOR or BBR Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that shall occur at an interval of three months’ duration after the first day of such Interest Period and (c) with respect to any Swing Line Loan, the day that such Loan is required to be repaid.

“Interest Period” means, with respect to any LIBOR, EURIBOR, CDOR or BBR Borrowing, the period commencing on the date of such Borrowing and ending on the date one, two, three or six months or, if consented to by each Lender, twelve months, thereafter as selected by the Company pursuant to Section 2.2.3 or 2.2.4 as the case may be; provided that:

- (a) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;
- (b) any Interest Period that begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;
- (c) the Company may not select any Interest Period for a Revolving Loan which would extend beyond the scheduled Termination Date; and
- (d) the Company may not select any Interest Period for a 2019 Incremental Term Loan which would extend beyond the 2019 Incremental Term Loan Maturity Date.

“Investment” means, with respect to any Person, any investment in another Person, whether by acquisition of any debt or Capital Security, by making any loan or advance, by becoming obligated with respect to an Guarantee Obligation in respect of obligations of such other Person (other than travel and similar advances to employees in the ordinary course of business) or by making an Acquisition.

“Issuing Lender” means Wells Fargo Bank, National Association, Barclays Bank PLC (solely with respect to standby Letters of Credit), JPMorgan Chase Bank, N.A. and SunTrust Bank and any other Lender from time to time designated



by the Company as an Issuing Lender with the consent of such Lender, in its sole discretion, and the Administrative Agent (such consent not to be unreasonably withheld or delayed), in each case in its capacity as an issuer of Letters of Credit hereunder, and their successors and assigns in such capacity.

“Joint Bookrunner” means Wells Fargo Securities, LLC, Barclays Bank PLC, BofA Securities, Inc., JPMorgan Chase Bank, N.A., MUFG Bank, Ltd. and SunTrust Bank, as joint bookrunners.

“Joint Lead Arranger” means Wells Fargo Securities, LLC, Barclays Bank PLC, BofA Securities, Inc., JPMorgan Chase Bank, N.A., MUFG Bank, Ltd. and SunTrust Bank, as joint lead arrangers.

“Judgment Currency” – see Section 15.22.

“Latest Maturity Date” means, at any time, the later of (i) the fifth anniversary of the 2019 Restatement Effective Date and (ii) the latest maturity date of the 2019 Incremental Term Loans or any other tranche of Incremental Term Loans outstanding at such time.

“Law” means any statute, rule, regulation, order, permit, license, judgment, award or decree of any Governmental Authority.

“L/C Application” means, with respect to any request for the issuance of a Letter of Credit, a letter of credit application in the form being used by the applicable Issuing Lender at the time of such request for the type of letter of credit requested.

“L/C Exposure” means, at any time, the sum of (a) the U.S. Dollar Equivalent of the aggregate amount of all Letters of Credit that remains available for drawing at such time and (b) the U.S. Dollar Equivalent of the aggregate amount of all Letter of Credit disbursements that have not yet been reimbursed by or on behalf of the Company at such time. The L/C Exposure of any Revolving Lender at any time shall be its Pro Rata Share of the total L/C Exposure at such time, adjusted to give effect to any reallocation under Section 2.6(b), of the L/C Exposure of Defaulting Lenders in effect at such time.

“L/C Fee Rate” – see the definition of Applicable Margin.

“LCT Election” means the Company’s election, by notice to the Administrative Agent, to exercise its right to designate any permitted Acquisition or Investment as a Limited Condition Transaction pursuant to the terms hereof.

“LCT Test Date” means the date on which the definitive agreement for an applicable Limited Condition Transaction is entered into.

“Lender” – see the Preamble. References to the “Lenders” shall include each Revolving Lender, 2019 Incremental Term Loan Lender, Issuing Lender and the Swing Line Lender; for purposes of clarification only, to the extent that Wells Fargo Bank, National Association (or any successor Issuing Lender or successor Swing Line Lender) may have any rights or obligations in addition to those of the other Lenders due to its status as Issuing Lender or Swing Line Lender, as the case may be, its status as such will be specifically referenced.

“Lender Party” – see Section 15.16.

“Letter of Credit” means Letters of Credit issued by one or more Issuing Lenders pursuant to Section 2.1.3 but excluding any Outside Letters of Credit.

“Letter of Credit Commitment” means the obligation of an Issuing Lender to issue, and of the Revolving Lenders to participate in, Letters of Credit hereunder.

“Letter of Credit Sublimit” means, with respect to each Issuing Lender (a) the amount set forth opposite such Issuing Lender’s name below:

<u>Issuing Lender</u>	<u>Letter of Credit Sublimit</u>
Wells Fargo Bank, National Association	\$75,000,000
Barclays Bank PLC	\$75,000,000
JPMorgan Chase Bank, N.A.	\$75,000,000
SunTrust Bank	\$75,000,000

or (b) in the case of any other Issuing Lender, such amount as may be agreed among such Issuing Lender, the Company and the Administrative Agent.

“Letter of Credit Usage” means, as at any date of determination, the sum of (i) the maximum aggregate amount which is, or at any time thereafter may become, available for drawing under all Letters of Credit then outstanding, and (ii) the aggregate amount of all drawings under Letters of Credit honored by any Issuing Lender and not theretofore reimbursed by or on behalf of the Company.

“Level” – see the definition of Applicable Margin.

“LIBO Rate” means, with respect to any LIBOR Loan denominated in any currency for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day or such other rate as may be agreed by the Required Lenders; provided that, in the event that such Screen Rate is not available at such time, then the “LIBO Rate” shall be the arithmetic mean (rounded up to four decimal places) of the rates quoted by two or more reference banks selected by the Administrative Agent in consultation with the Company to leading banks in the London interbank market for the offering of deposits in such currency and for a period comparable to such Interest Period as of such Specified Time on such Quotation Day; provided further that if such arithmetic mean of the rates quoted by such reference banks would be less than 0.0%, the LIBO Rate shall for all purposes of this Agreement be 0.0%.

“LIBOR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, shall bear interest at a rate determined by reference to the LIBO Rate or the Adjusted LIBO Rate.

“LIBOR Loan” means any Loan or Borrowing which bears interest at a rate determined by reference to the Adjusted LIBO Rate or the LIBO Rate.

“LIBOR Margin for 2019 Incremental Term Loans” – see the definition of Applicable Margin.

“LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans” – see the definition of Applicable Margin.

“Lien” means, with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person (including an interest in respect of a Capital Lease) which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, title retention lien, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

“Limited Condition Transaction” means any Acquisition or Investment by the Company or one or more of the Subsidiaries permitted hereunder, the consummation of which is not conditioned on the availability of, or on obtaining, third party financing.

“Loan Documents” means this Agreement, the Notes, the Letters of Credit, the L/C Applications, any Incremental Term Loan Amendments, the Subordination Agreements and all documents, instruments and agreements delivered in connection with the foregoing from time to time.

“Loan Party” means the Company and each of its Subsidiaries (direct or indirect, whether now existing or hereafter created) separately, excluding any Dormant Subsidiary and any Unrestricted Subsidiary so long as it qualifies as a Dormant Subsidiary or an Unrestricted Subsidiary hereunder, as the case may be, and excluding each Centene Plaza Subsidiary, but specifically including those listed on Schedule 1.1(b); provided that (a) Centene Center LLC may become a Loan Party after the repayment in full of the NML Loan, (b) any Centene Plaza Subsidiary may become a Loan Party after the repayment in full of its applicable Centene Plaza Debt and (c) any Unrestricted Subsidiary may become a Loan Party pursuant to the definition of Unrestricted Subsidiary. The Company agrees that any

Subsidiary which is a Dormant Subsidiary will automatically become a Loan Party hereunder without any further action if at any time such Subsidiary ceases to be a Dormant Subsidiary.

“Loan” or “Loans” means 2019 Incremental Term Loan or 2019 Incremental Term Loans, Revolving Loan or Revolving Loans and Swing Line Loan or Swing Line Loans, as the context requires.

“Local Time” means (a) with respect to any Loan, Borrowing or Letter of Credit denominated in U.S. Dollars, New York City time, (b) with respect to any Loan, Borrowing or Letter of Credit denominated in Canadian Dollars, Toronto time, (c) with respect to any Loan, Borrowing or Letter of Credit denominated in Australian Dollars, Sydney time, and (d) with respect to any Loan, Borrowing or Letter of Credit denominated in any other currency, London time.

“Margin Stock” means any “margin stock” as defined in Regulation U.

“Material Acquisition” means any Acquisition the aggregate consideration therefor (including Debt assumed in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds \$800,000,000.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business or properties of the Loan Parties, taken as a whole, (b) a material impairment of the ability of any Loan Party to perform any of the payment Obligations under any Loan Document to which it is a party or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document.

“Material Debt” – see Section 13.1(b).

“Material Law” means any separately enforceable provision of a Law whose violation by a Person would have a Material Adverse Effect on such Person.

“Material License” means (a) as to any Person, any license, permit, authorization or consent from a Governmental Authority or other Person and any registration, notice or filing with a Governmental Authority or other Person which if not obtained, held or made would have a Material Adverse Effect and (b) as to any Person who is a party to this Agreement or any of the other Loan Documents, any license, permit, authorization or consent from a Governmental Authority or other Person and any registration, notice or filing with a Governmental Authority or other Person that is necessary for the execution or performance by such party, or the validity or enforceability against such party, of this Agreement or such other Loan Document.

“Merger I Sub” – see the definition of Wellington Acquisition Agreement.

“Merger II Sub” – see the definition of Wellington Acquisition Agreement.

“Moody's” means Moody's Investors Service, Inc. and any successor thereto of its rating business.

“Multiemployer Pension Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company or any other member of the Controlled Group may have any liability or obligation to contribute.

“Net Cash Proceeds” means, as applicable, (a) with respect to any Asset Disposition or Insurance and Condemnation Event, the gross proceeds received by the Company or any of its Subsidiaries therefrom (including any cash, cash equivalents, deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when received) less the sum of (i) in the case of an Asset Disposition, all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result of such transaction (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such Asset Disposition, the amount of such excess shall constitute Net Cash Proceeds), (ii) all out-of-pocket fees and expenses paid or reasonably estimated to be payable in connection with such transaction or event, (iii) the principal amount of, premium, if any, interest, breakage costs, and other amounts on any Debt (other than Debt under the Loan Documents) secured by a Lien on the asset (or a portion thereof), which Debt is required to be repaid in connection with such transaction or event, and (iv) the pro-rata portion of the Net Cash Proceeds payable in connection with such transaction or event

(calculated without regard to this clause (iv)) attributable to minority interests and not available for distribution to or for the account of the Company or any of its Subsidiaries as a result thereof and (b) with respect to any Debt Issuance, the gross cash proceeds received by the Company or any of its Subsidiaries therefrom less all reasonable and customary out-of-pocket legal, underwriting and other fees and expenses incurred in connection therewith.

“New Senior Notes” means any senior unsecured notes of the Company (or a special purpose escrow subsidiary thereof prior to assumption by the Company) issued and sold to (a) provide a portion of the cash consideration payable for the Wellington Acquisition and to consummate the other transactions contemplated by the Wellington Acquisition Agreement, (b) pay consent fees, if any, in connection with the Wellington Consent Solicitation, (c) prepay all of the existing and outstanding indebtedness of Wellington and its subsidiaries outstanding under the Existing Wellington Credit Agreement, (d) repurchase or redeem any of the Existing Wellington Notes, (e) pay fees, commissions and expenses in connection with the foregoing and (f) finance ongoing working capital requirements and other general corporate purposes.

“New Senior Notes Indenture” means that certain indenture (or indentures) entered into by the Company (or a special purpose escrow subsidiary thereof prior to the assumption by the Company) in connection with the issuance of the New Senior Notes, together with all instruments and other agreements entered into by the Company (or a special purpose escrow subsidiary thereof prior to the assumption by the Company) in connection therewith.

“NML Loan” means (a) a certain loan in the original principal amount of \$80,000,000 from The Northwestern Mutual Life Insurance Company to Centene Center LLC secured by various collateral and (b) any Debt incurred by Centene Center LLC to refinance such loan; provided that the principal amount of such Debt does not exceed the amount of such Debt being refinanced.

“Non-U.S. Participant” – see Section 7.6(d).

“Note” means a promissory note substantially in the form of Exhibit A.

“Notice of Borrowing” – see Section 2.2.3.

“Notice of Conversion/Continuation” – see Section 2.2.4(b).

“Obligations” means all obligations (monetary (including post-petition interest, allowed or not) or otherwise) of any Loan Party under this Agreement and any other Loan Document including Attorney Costs and any reimbursement obligations of each Loan Party in respect of Letters of Credit, all in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Original Credit Agreement” means the Credit Agreement, dated as of March 24, 2016, among the Company, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent.

“Original Effective Date” means March 24, 2016.

“Other Connection Taxes” means, with respect to any Lender or the Administrative Agent, taxes imposed as a result of a present or former connection between such Lender or the Administrative Agent and the jurisdiction imposing such taxes (other than a connection arising solely from such Lender or the Administrative Agent having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced any Loan Document, or sold or assigned an interest in any Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such taxes that are Other Connection Taxes imposed as a result of an assignment (other than an assignment made pursuant to Section 8.7).

“Outside Letter of Credit” means any secured or unsecured letter of credit issued by any institution (including any Lender) which is not subject to the L/C Fee Rate or any limitations or terms of this Agreement other than the Outside Letter of Credit Limitation.

“Outside Letter of Credit Limitation” means \$500,000,000.

“Participating Member State” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“participation” – see [Section 2.3.2](#).

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“Participant” – see [Section 15.5.2](#).

“Participant Register” – see [Section 15.5.2](#).

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Requires to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Pension Plan” means a “pension plan”, as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA or the minimum funding standards of ERISA (other than a Multiemployer Pension Plan), and as to which the Company or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time.

“Person” means any natural person, corporation, partnership, trust, limited liability company, association or governmental authority, or any other entity, whether acting in an individual, fiduciary or other capacity.

“Platform” means IntraLinks/IntraAgency, SyndTrak or another relevant website or other information platform.

“Prime Rate” means, for any day, the rate of interest publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent or any other Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Any change in such Prime Rate announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

“Principal Office” means for each of the Administrative Agent, the Swing Line Lender and each Issuing Lender, such Person’s “Principal Office” as set forth on [Annex B](#), or such other office or office of a third party or sub-agent, as appropriate, as such Person may from time to time designate in writing to the Company, the Administrative Agent and each Lender.

“Pro Rata Share” means:

- (a) with respect to a Lender’s obligation to make Revolving Loans, participate in Letters of Credit, participate in Swing Line Loans, reimburse the applicable Issuing Lender, reimburse the Swing Line Lender and receive payments of principal, interest, fees, costs, and expenses with respect thereto, (x) prior to the Revolving Commitments being terminated or reduced to zero, the percentage obtained by dividing (i) such Lender’s Revolving Commitment, by (ii) the aggregate Revolving Commitment of all Lenders and (y) from and after the time the Revolving Commitments have been terminated or reduced to zero, the percentage obtained by dividing (i) the aggregate unpaid principal amount of such Lender’s Revolving Outstandings by (ii) the aggregate unpaid principal amount of all Revolving Outstandings;
- (b) with respect to a Lender’s obligation to make 2019 Incremental Term Loans or Incremental Term Loans, if at any time applicable, and receive payments of principal, interest, fees, costs, and expenses with respect thereto, (x) prior to the 2019 Incremental Term Loans or Term Loan Commitments being terminated or reduced to zero, as the case may be, the percentage obtained by dividing (i) such Lender’s

2019 Incremental Term Loan Commitment or Term Loan Commitment, as the case may be, by (ii) the aggregate 2019 Incremental Term Loan Commitments or Term Loan Commitments, as the case may be, of all Lenders and (y) from and after the time the 2019 Incremental Term Loan Commitments or Term Loan Commitments, as the case may be, have been terminated or reduced to zero, the percentage obtained by dividing (i) the aggregate unpaid principal amount of such Lender's 2019 Incremental Term Loans or Incremental Term Loans, as the case may be, by (ii) the aggregate unpaid principal amount of all 2019 Incremental Term Loans or Incremental Term Loans, as the case may be; and

- (c) with respect to all other matters as to a particular Lender, the percentage obtained by dividing (i) such Lender's Revolving Commitment, 2019 Incremental Term Loan Commitment and Term Loan Commitment by (ii) the aggregate amount of Revolving Commitments, 2019 Incremental Term Loan Commitments and Term Loan Commitments of all Lenders; provided that in the event the Revolving Commitments, 2019 Incremental Term Loan Commitments or Term Loan Commitments, as the case may be, have been terminated or reduced to zero, Pro Rata Share shall be the percentage obtained by dividing (A) the sum of the principal amount of such Lender's Revolving Outstandings and the principal amount of such Lender's 2019 Incremental Term Loans and Incremental Term Loans by (B) the principal amount of all outstanding Revolving Outstandings, 2019 Incremental Term Loans and Incremental Term Loans.

"Property," means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including Capital Securities.

"PTE," means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QEC" – see Section 15.25.

"QFC Credit Support" – see Section 15.25.

"Quotation Day," means, in respect of (a) any Interest Period for Loans in U.S. Dollars or in any Alternative Currency (other than Euro, Sterling, Australian Dollars or Canadian Dollars), the day that is two Business Days prior to the first day of such Interest Period; (b) any Interest Period for Loans in Euro, the day which is two Target Operating Days prior to the first day of such Interest Period; and (c) any Interest Period for Loans in Sterling, Australian Dollars or Canadian Dollars, the first day of such Interest Period; in each case unless market practice changes for loans in the applicable currency priced by reference to rates quoted in the relevant interbank market, in which case the Quotation Day for such currency shall be determined by the Administrative Agent (in consultation with the Company) in accordance with market practice for such loans priced by reference to rates quoted in the relevant interbank market (and if quotations would normally be given by leading banks for such loans priced by reference to rates quoted in the relevant interbank market on more than one day, the Quotation Day shall be the last of those days).

"Real Estate Debt" means (a) any debt or obligations of the Company or any of its Subsidiaries in whole or in part secured by interests in real property, including the NML Loan and extensions, renewals and refinancings of such Debt and (b) any Guarantee Obligations of the Company with respect to the Debt of any Centene Plaza Subsidiary and extensions, renewals and refinancings of such Debt; provided that such Debt (with respect to which the Company has Guarantee Obligations) is used solely to finance or refinance a Centene Plaza Project.

"Real Estate Debt Documents" means the documents evidencing and securing Real Estate Debt.

"Refunded Swing Line Loans" – see Section 2.4(d).

"Refinancing Debt" – see Section 11.1(f).

"Register" – see Section 15.6.

"Regulation D" means Regulation D of the FRB.

"Regulation T" means Regulation T of the FRB.

“Regulation U” means Regulation U of the FRB.

“Regulation X” means Regulation X of the FRB.

“Related Fund” means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“Replacement Lender” – see Section 8.7(b).

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and the regulations issued thereunder as to which the PBGC has not waived the notification requirement of Section 4043(a), or the failure of a Pension Plan to meet the minimum funding standards of Section 412 of the Code (without regard to whether the Pension Plan is a plan described in Section 4021(a)(2) of ERISA) or under Section 302 of ERISA.

“Required Lenders” means, at any time, Lenders who have Pro Rata Shares which exceed 50% as determined pursuant to clause (c) of the definition of “Pro Rata Share”. For purposes of this definition, Required Lenders shall be determined by excluding all Loans and Commitments held or beneficially owned by a Defaulting Lender.

“Required Revolving Lenders” means, at any time, Revolving Lenders who have Pro Rata Shares which exceed 50% as determined pursuant to clause (a) of the definition of “Pro Rata Share”. For purposes of this definition, Required Revolving Lenders shall be determined by excluding all Revolving Loans and Revolving Commitments held or beneficially owned by a Defaulting Lender.

“Restricted Payment” – see Section 11.3.

“Revaluation Date” means (a) with respect to any Loan denominated in an Alternative Currency, each of the following: (i) each date of a Borrowing of any such Loan, (ii) each date of a conversion or continuation of any such Loan pursuant to Sections 2.2.4, 8.2 and 8.3, (iii) each date of any payment of interest or principal with respect to any such Loan and (iv) such additional dates as the Administrative Agent shall determine or the Required Revolving Lenders shall require; and (b) with respect to any Letter of Credit denominated in an Alternative Currency, each of the following: (i) each date of issuance of such Letter of Credit, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by any Issuing Lender under any such Letter of Credit and (iv) such additional dates as the Administrative Agent or an Issuing Lender shall determine or the Required Revolving Lenders shall require.

“Revolving Commitment” means, as to any Lender, such Lender’s commitment to make Revolving Loans, issue or participate in Letters of Credit and make or participate in Swing Line Loans, in each case under this Agreement. The initial amount of each Lender’s Revolving Commitment is set forth on Annex A-1 and the aggregate amount of the Revolving Commitments as of the 2019 Restatement Effective Date was \$2,000,000,000.

“Revolving Exposure” means, with respect to any Lender at any time, the sum of (a) the aggregate amount of the U.S. Dollar Equivalent of such Lender’s Revolving Loans outstanding at such time, (b) such Lender’s Swing Line Exposure at such time and (c) such Lender’s L/C Exposure at such time.

“Revolving Lender” means any Lender holding a Revolving Commitment or any Revolving Exposure.

“Revolving Loan” – see Section 2.1.1(a).

“Revolving Loan Availability” means the Revolving Commitments of all of the Lenders.

“Revolving Outstandings” means, at any time, the sum of (a) the aggregate principal amount of the U.S. Dollar Equivalent of all outstanding Revolving Loans, plus (b) the U.S. Dollar Equivalent of the Stated Amount of all Letters of Credit, plus (c) the aggregate outstanding amount of all Swing Line Loans.

“S&P” means Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc. and any successor thereto of its rating business.

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“Sanctioned Country,” means, at any time, a country, region or territory which is itself the subject or target of comprehensive Sanctions (at the 2019 Restatement Effective Date, Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, or by the United Nations Security Council or the European Union, (b) any Person organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Screen Rate” means (a) in respect of the LIBO Rate for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for deposits in the applicable currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period as displayed on the Reuters screen page that displays such rate (currently LIBOR01 or LIBOR02) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion), (b) in respect of the EURIBO Rate for any Interest Period, the percentage per annum determined by the Banking Federation of the European Union for such Interest Period as set forth on the Reuters screen page that displays such rate (currently EURIBOR01) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion), (c) in respect of the CDO Rate for any Interest Period, the average rate for bankers acceptances with a tenor equal to the Interest Period as displayed on the Reuters screen page that displays such rate (currently CDOR01) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion) and (d) in respect of the BB Rate for any Interest Period (i) the rate of interest per annum equal to the per annum rate of interest which appears as “BID” on the page designated as “BBSY” on the Reuters Monitor System (or such other comparable page as may, in the reasonable opinion of the Administrative Agent and in consultation with the Borrower, replace such BBSY page on such system for the purpose of displaying the bank bill swap rates) with maturities comparable to such Interest Period or (ii) if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent as the average of the buying rates quoted to the Administrative Agent for bills of exchange accepted by leading Australian banks which have a tenor equal to such Interest Period, provided that if the Screen Rate, determined as provided above, would be less than 0.0%, the Screen Rate shall for all purposes of this Agreement be 0.0%.

“SEC” means the Securities and Exchange Commission or any other governmental authority succeeding to any of the principal functions thereof.

“Senior Officer” means, with respect to any Loan Party, any of the chief executive officer, the chief financial officer, the chief operating officer, the treasurer or the general counsel of such Loan Party.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” within the meaning of Rule 1-02 of the SEC’s Regulation S-X.

“Solvent” means (i) the sum of the debt and liabilities (subordinated, contingent or otherwise) of the Company and its Subsidiaries, taken as a whole, does not exceed the fair value of the assets (at a fair valuation) of the Company and its Subsidiaries, taken as a whole; (ii) the present fair saleable value of the assets (at a fair valuation) of the Company and its Subsidiaries, taken as a whole, is greater than the amount that will be required to pay the probable liabilities of the Company and its Subsidiaries, taken as a whole, on their debts and other liabilities subordinated, contingent or otherwise as they become absolute and matured; (iii) the capital of the Company and its Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of the Company and its Subsidiaries, taken as a whole, as conducted or contemplated as of the relevant date; and (iv) the Company and its Subsidiaries, taken as a whole, have not incurred and do not intend to incur, or believe that they will incur, debts or other liabilities (including current obligations and contingent liabilities) beyond their ability to pay such debt or other liabilities as they become due (whether at maturity or otherwise). For the purposes hereof, the amount of any contingent liability at any time



shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Specified Time” means (a) with respect to the LIBO Rate, 11:00 a.m., London time, (b) with respect to the EURIBO Rate, 11:00 a.m., Frankfurt time, (c) with respect to the CDO Rate, 10:00 a.m. Toronto time, and (d) with respect to the BB Rate, 10:30 a.m., Sydney time.

“Spot Rate” for a currency means the rate determined by the Administrative Agent or an Issuing Lender, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 10:00 A.M. New York City time on the date as of which the foreign exchange computation is made; provided that the Administrative Agent or an Issuing Lender may obtain such spot rate from another financial institution designated by the Administrative Agent or an Issuing Lender if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

“Stated Amount” means, with respect to any Letter of Credit at any date of determination, (a) the maximum aggregate amount available for drawing thereunder under any and all circumstances plus (b) the aggregate amount of all unreimbursed payments and disbursements under such Letter of Credit.

“Sterling” and “£” mean the lawful currency of the United Kingdom.

“Subordinated Debt” means any Debt of any Loan Party that is by its terms subordinated in right of payment to any of the Obligations.

“Subordinated Debt Documents” means all documents and instruments relating to the Subordinated Debt and all amendments and modifications thereof approved by the Administrative Agent.

“Subordination Agreements” means any subordination agreements executed by a holder of Subordinated Debt in favor of the Administrative Agent and the Lenders from time to time after the Original Effective Date in form and substance and on terms and conditions satisfactory to the Administrative Agent.

“Subsidiary” means, with respect to any Person, a corporation, partnership, limited liability company or other entity of which such Person owns, directly or indirectly, such number of outstanding Capital Securities as have more than 50% of the ordinary voting power for the election of directors or other managers of such corporation, partnership, limited liability company or other entity; provided, however, that Unrestricted Subsidiaries and the Charitable Foundations shall not be deemed to be Subsidiaries of the Company for any purpose of this Agreement or the other Loan Documents. Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to Subsidiaries of the Company.

“Supported OFC” – see Section 15.25.

“Swing Line Commitment” means the obligation of the Swing Line Lender to make Swing Line Loans and of each Revolving Lender to participate in Swing Line Loans hereunder.

“Swing Line Exposure” means, at any time, the aggregate principal amount of all Swing Line Loans outstanding at such time. The Swing Line Exposure of any Lender at any time shall be the sum of (a) its Pro Rata Share of the aggregate principal amount of all Swing Line Loans outstanding at such time (excluding, in the case of the Swing Line Lender, Swing Line Loans made by it that are outstanding at such time to the extent that the other Lenders shall not have funded their participations in such Swing Line Loans), adjusted to give effect to any reallocation under Section 2.6(b) of the Swing Line Exposure of Defaulting Lenders in effect at such time, and (b) in the case the Swing Line Lender, the aggregate principal amount of all Swing Line Loans made by such Lender outstanding at such time to the extent that the other Lenders shall not have funded their participations in such Swing Line Loans.

“Swing Line Lender” means Wells Fargo Bank, National Association, in its capacity as the Swing Line Lender hereunder, together with its permitted successors and assigns in such capacity.

“Swing Line Loan” means a Loan made by the Swing Line Lender to the Company pursuant to Section 2.4.

“Swing Line Sublimit” means the lesser of (i) \$200,000,000 and (ii) the aggregate unused amount of Revolving Commitments then in effect.

“Syndication Agents” means Barclays Bank PLC, Bank of America, N.A., JPMorgan Chase Bank, N.A., MUFG Bank, Ltd. and SunTrust Bank, as co-syndication agents.

“TARGET” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) determined by the Administrative Agent to be a suitable replacement).

“Target Operating Day,” means any day on which banks in London are open for general banking business and is not (a) a Saturday or Sunday or (b) any other day on which the TARGET is not operating (as determined by the Administrative Agent).

“Tax Abatement Documents” means those agreements listed on Schedule 1.1(c).

“Taxes” means any and all present and future taxes, duties, levies, imposts, deductions, assessments, charges or withholdings, and any and all liabilities (including interest and penalties and other additions to taxes) with respect to the foregoing, but excluding Excluded Taxes.

“Term Loan Commitment” – see Section 2.1.2(a).

“Termination Date” means the earlier to occur of (a) the date that is five years after the 2019 Restatement Effective Date and (b) such other date on which the Revolving Commitments terminate pursuant to Section 6 or Section 13.

“Termination Event” means, with respect to a Pension Plan or a Multiemployer Pension Plan, as applicable, (a) a Reportable Event, (b) the withdrawal of the Company or any other member of the Controlled Group from such Pension Plan during a plan year in which the Company or any other member of the Controlled Group was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or the imposition of a lien on the property of the Company or any other member of the Controlled Group pursuant to Section 4068 of ERISA, (c) the termination of such Pension Plan, the filing of a notice of intent to terminate the Pension Plan or the treatment of an amendment of such Pension Plan as a termination under Section 4041 of ERISA, (d) the institution by the PBGC of proceedings to terminate such Pension Plan, (e) any event or condition that might constitute grounds under Section 4042 of ERISA for the termination of, or appointment of a trustee to administer, such Pension Plan, (f) such Pension Plan is in “at risk” status within the meaning of Section 430(i) of the Code, or such Multiemployer Pension Plan is in “endangered status” or “critical status” within the meaning of Section 432(b) of the Code, or (g) a complete or partial withdrawal from a Multiemployer Pension Plan.

“Total Debt” means the sum of all Debt under clauses (a), (b) and (c) of the definition thereof and all unreimbursed obligations in respect of drawn letters of credit, bankers acceptances or similar instruments (but only to the extent not reimbursed within one Business day after such amount is due and payable), in each case of the Company and its Subsidiaries, determined on a consolidated basis (but treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries), excluding (a) Hedging Agreements and (b) Debt of the Company to Loan Parties and Debt of Loan Parties to the Company or to other Loan Parties.

“Total Debt to EBITDA Ratio” means, as of the last day of any Fiscal Quarter, the ratio of (a) (i) Total Debt as of such day less (ii) the lesser of (x) unrestricted cash and cash equivalents of the Company and its Subsidiaries as of such day in excess of \$50,000,000 and (y) \$750,000,000 to (b) EBITDA for the Computation Period ending on such day.

“Total Plan Liability” means, at any time, the present value of all vested and unvested accrued benefits under the applicable Pension Plan(s), determined as of the then most recent valuation date for each applicable Pension Plan, using PBGC actuarial assumptions for single employer plan terminations.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the LIBO Rate, the EURIBO Rate, the CDO Rate, the BB Rate or the Base Rate.

“Unfunded Liability” means the amount (if any) by which the present value of all vested and unvested accrued benefits under the applicable Pension Plan(s) exceeds the fair market value of all assets allocable to those benefits, all determined as of the then most recent valuation date for each applicable Pension Plan, using PBGC actuarial assumptions for single employer plan terminations.

“Unmatured Event of Default” means any event that, if it continues uncured, will, with lapse of time or notice or both, constitute an Event of Default.

“Unrestricted Subsidiary” means any Subsidiary organized or acquired directly or indirectly by the Company after the Original Effective Date that the Company designates as an “Unrestricted Subsidiary” by written notice to the Administrative Agent in accordance with Section 10.10. No Unrestricted Subsidiary may own any Capital Securities of a Subsidiary; provided that, so long as no Unmatured Event of Default or Event of Default shall have occurred and be continuing or would result therefrom, the Company may redesignate any Unrestricted Subsidiary as a “Subsidiary” by written notice to the Administrative Agent and by complying with the applicable provisions of Section 10.10. As of the 2019 Restatement Effective Date, there are no Unrestricted Subsidiaries.

“Unrestricted Subsidiary Reconciliation Statement” means, with respect to any consolidated balance sheet or statement of operations, stockholders’ equity or cash flows of the Company and its consolidated Subsidiaries, such financial statement (in substantially the same form) prepared on the basis of consolidating the accounts of the Company and the Subsidiaries and treating Unrestricted Subsidiaries as if they were not consolidated with the Company and otherwise eliminating all accounts of Unrestricted Subsidiaries, together with an explanation of reconciliation adjustments in reasonable detail.

“U.S. Dollars” and the sign “\$” mean lawful money of the United States of America.

“U.S. Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in U.S. Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in U.S. Dollars as determined by the Administrative Agent or the Issuing Lender, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of U.S. Dollars with such Alternative Currency.

“U.S. Special Resolutions Regime” – see Section 15.25.

“Wellington” means WellCare Health Plans, Inc., a Delaware corporation.

“Wellington Acquisition” means (i) the merger of Merger Sub I with and into the Acquired Company, with the Acquired Company surviving and (ii) immediately thereafter the merger of the Acquired Company with and into Merger Sub II, with Merger Sub II surviving as a direct wholly-owned subsidiary of the Company, in each case pursuant to the Wellington Acquisition Agreement.

“Wellington Acquisition Agreement” means the Agreement and Plan of Merger, dated as of March 26, 2019, by and among the Company, Wellington, Wellington Merger Sub I, Inc., a Delaware corporation and a direct, Wholly-Owned Subsidiary of the Company (“Merger Sub I”), Wellington Merger Sub II, Inc., a Delaware corporation and a direct, Wholly-Owned Subsidiary of the Company (“Merger Sub II”), and Wellington.

“Wellington Change of Control Waivers” – see the definition of Wellington Consent Solicitation.

“Wellington Consent Solicitation” means the consent solicitations with respect to Wellington’s 5.25% Senior Notes due 2025 and 5.375% Senior Notes due 2026 and the related indentures (as amended prior to the 2019 Second Restatement Effective Date, the “Existing Wellington Notes”) to obtain from the requisite holders under each applicable indenture waivers that the change of control offer provisions shall not apply with respect to the Wellington Acquisition (the change of control waiver under Wellington’s 5.25% Senior Notes due 2025, the “2025 Notes Change of Control Waiver” and the change of control waiver under Wellington’s 5.375% Senior Notes due 2026, the “2026 Change of Control Waiver” and, collectively the “Wellington Change of Control Waivers”) and any other waivers or amendments concurrently sought under such indentures.

“Wellington Transaction Costs” means the fees and expenses incurred in connection with the (a) the execution, delivery and performance by the Company of the Loan Documents on the 2019 Restatement Effective Date, (b) the

making of Loans hereunder on the 2019 Restatement Effective Date, (c) the use of the proceeds thereof, (d) the consummation of the Wellington Acquisition and the other transactions contemplated by the Wellington Acquisition Agreement to occur on or prior to the 2019 Restatement Effective Date, (e) the refinancing of the 2017 Credit Agreement and prepaying all of the existing and outstanding indebtedness of Wellington and its Subsidiaries outstanding under the Existing Wellington Credit Agreement and (f) the consummation of the Wellington Change of Control Waivers and the Wellington Consent Solicitation.

“Withholding Certificate” – see Section 7.6(d).

“Wholly-Owned Subsidiary” means, as to any Person, a Subsidiary all of the Capital Securities of which (except directors’ qualifying Capital Securities) are at the time directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

## 1.2 Other Interpretive Provisions.

- 1.2.1 The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.
- 1.2.2 Section, Annex, Schedule and Exhibit references are to this Agreement unless otherwise specified.
- 1.2.3 The term “including” is not limiting and means “including without limitation.”
- 1.2.4 In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including.”
- 1.2.5 Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement and the other Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, supplements and other modifications thereto, but only to the extent such amendments, restatements, supplements and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation.
- 1.2.6 This Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and each shall be performed in accordance with its terms.
- 1.2.7 This Agreement and the other Loan Documents are the result of negotiations among, and have been reviewed by counsel to, the Administrative Agent, the Company, the Lenders and the other parties thereto and are the products of all parties. Accordingly, they shall not be construed against the Administrative Agent or the Lenders merely because of the Administrative Agent’s or the Lenders’ involvement in their preparation.
- 1.2.8 Unless otherwise specified herein, each reference herein to “Stated Amount”, “stated amount”, “undrawn amount”, “face amount”, “aggregate amount” or any other amount of any Letter of Credit shall be deemed to mean and be a reference to the U.S. Dollar Equivalent of the Stated Amount, stated amount, undrawn amount, face amount or such other amount of such Letter of Credit. For the avoidance of doubt, for purposes of calculating any fee set forth in Section 5.1, 5.2(a) or 5.2(b), the Stated Amount, the undrawn amount and the face amount of each Letter of Credit shall be the U.S. Dollar Equivalent of the Stated Amount, the undrawn amount and the face amount of such Letter of Credit. Without limiting the foregoing, for all purposes herein, including, the purposes of Sections 2.3.2, 2.3.3 and 2.3.4, the reimbursement for any payment or disbursement made by an Issuing Lender in an Alternative Currency in respect of any Letter of Credit shall be made in the same Alternative Currency or, in the event such Issuing Lender shall agree, in the U.S. Dollar Equivalent thereof as of the time of such reimbursement that is sufficient to reimburse such Issuing Lender in full for such payment or disbursement. Unless otherwise specified herein, each reference to any amount of any Revolving Loan shall be deemed to mean and be a reference to the U.S. Dollar Equivalent of such amount of such Revolving Loan. Without limiting the foregoing, for all purposes herein, including the purposes of Section 7.1, all payments by the Company hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made in the same Alternative Currency or, in the event the applicable Lender shall agree, in the U.S. Dollar Equivalent thereof as of the time of

such payment that is sufficient for payment in full at such time. The Administrative Agent or each applicable Issuing Lender, as applicable with respect to Letters of Credit, shall determine the Spot Rates as of each Revaluation Date to be used for calculating U.S. Dollar Equivalent amounts of Loans or Revolving Outstandings. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur.

1.3 **Limited Condition Transactions.** Solely for the purpose of (i) measuring the relevant ratios and baskets with respect to the incurrence of any Debt or the making of any permitted Acquisition or other Investment or (ii) determining the occurrence of any Event of Default or Unmatured Event of Default, in each case, in connection with a Limited Condition Transaction, if the Company makes an LCT Election, the date of determination in determining whether any such incurrence of any Debt or the making of any permitted Acquisition or other Investment is permitted shall be deemed to be the LCT Test Date (provided that for the purpose of determining the occurrence of any Event of Default under Sections 13.1(a) or 13.1(g), such determination shall also be made at the time of the consummation of the Limited Condition Transaction), and if, after giving effect to the applicable Limited Condition Transaction and the other transactions to be entered into in connection therewith as if they had occurred as of such date of determination, ending prior to the LCT Test Date on a pro forma basis, the Company could have taken such action on the relevant LCT Test Date in compliance with any such ratio or basket, such ratio or basket shall be deemed to have been complied with. If the Company has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio or basket (but excluding, for the avoidance of doubt, for purposes of determining the Applicable Margin and determining compliance with Section 11.12) on or following the relevant LCT Test Date and prior to the earlier of (i) the date on which such Limited Condition Transaction is consummated or (ii) the date that the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio or basket shall be calculated and tested on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of debt and the use of proceeds thereof) have been consummated.

1.4 **Divisions.** For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws), including the Delaware Limited Liability Company Act: (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Securities at such time.

## **SECTION 2 COMMITMENTS OF THE LENDERS; BORROWING, CONVERSION AND LETTER OF CREDIT PROCEDURES.**

2.1 **Commitments.** On and subject to the terms and conditions of this Agreement, each of the Lenders, severally and for itself alone, agrees to make loans to, and to issue or participate in Letters of Credit and to make or participate in Swing Line Loans for the account of, the Company as follows:

### **2.1.1 Commitment.**

- (a) Each Revolving Lender severally agrees to make loans in U.S. Dollars or in one or more Alternative Currencies on a revolving basis ("**Revolving Loans**") on and after the 2019 Restatement Effective Date from time to time until the Termination Date in an amount equal to such Lender's Pro Rata Share of such aggregate amounts as the Company may request from all Lenders; provided that (i) the Revolving Outstandings will not at any time exceed the Revolving Loan Availability, (ii) the Revolving Exposure of any Lender will not at any time exceed its Revolving Commitment and (iii) the U.S. Dollar Equivalent of Revolving Loans denominated in Alternative Currencies will not at any time exceed \$500,000,000 (the "**Alternative Currency Sublimit**").
- (b) Each Lender with a 2019 Incremental Term Loan Commitment severally agrees to make a loan in U.S. Dollars in a single drawing (collectively, the "**2019 Incremental Term Loan**") at any time on or after the 2019 Second Restatement Effective Date and on or prior to the date that is 45 days after the 2019 Second Restatement Effective Date (the date on which the 2019 Incremental Term Loans are made, the "**Draw Date**") in a principal amount not to exceed such Lender's 2019 Incremental Term Loan Commitment. Any 2019 Incremental Term Loan Commitments that are not drawn on the Draw Date

shall be automatically canceled and any 2019 Incremental Term Loan Commitments that have not been drawn on or prior to the date that is 45 days after the 2019 Second Restatement Effective Date shall be automatically canceled on such date.

#### 2.1.2 Increase in Commitment.

- (a) The Company may, at its option any time after the 2019 Restatement Effective Date and before the Termination Date, seek to (i) increase the Revolving Commitments (any such increase, a "Commitment Increase") or (ii) establish one or more new term loan commitments ("Term Loan Commitments") and, together with any Commitment Increase, the "Incremental Commitments") of an existing tranche of term loans or a separate tranche of new term loans (any such term loans, the "Incremental Term Loans") upon written notice to the Administrative Agent; provided that, subject to the calculation adjustments set forth in Section 1.3 with respect to any Incremental Term Loans being incurred in connection with a Limited Condition Transaction, the aggregate principal amount of all Incremental Commitments (excluding the 2019 Incremental Term Loan Commitments) shall not exceed the greater of (x) \$500,000,000 and (y) such other amount such that after giving pro forma effect to the incurrence of such Incremental Commitments and the use of proceeds thereof (assuming that all amounts thereunder are drawn in full but without netting any of the proceeds thereof) the Total Debt to EBITDA Ratio would not exceed 3.50 to 1.00.
- (b) Any such notice delivered to the Administrative Agent in connection with a Commitment Increase shall be delivered at a time when no Unmatured Event of Default or Event of Default has occurred and is continuing and shall specify (i) the amount of such Commitment Increase (which shall not be less than \$10,000,000 or, if less, the maximum amount of Incremental Commitments remaining to be established hereunder) sought by the Company, (ii) the date (each, an "Increased Amount Date") on which the Company proposes that such Commitment Increase shall be effective, which shall be a date not less than ten Business Days after the date on which such notice is delivered to the Administrative Agent (unless otherwise agreed by the Administrative Agent in its sole discretion) and (iii) the identity of each Incremental Lender to whom the Company proposes any portion of such Commitment Increase be allocated and the amounts of such allocations. The Administrative Agent, subject to the consent of the Company, which shall not be unreasonably withheld, may allocate the Commitment Increase (which may be declined by any Lender (including in its sole discretion)) on either a ratable basis to the Lenders or on a non pro-rata basis to one or more Lenders and/or to other Eligible Assignees reasonably acceptable to each of the Administrative Agent, each Issuing Lender, the Swing Line Lender and the Company which have expressed a desire to accept the Commitment Increase. The Administrative Agent will then notify each existing Lender and Incremental Lender of such Term Loan Commitments or revised allocations of the Revolving Commitments, including the desired increase. No Commitment Increase shall become effective until each of the Incremental Lenders extending such Commitment Increase and the Company shall have delivered to the Administrative Agent a document in form reasonably satisfactory to the Administrative Agent pursuant to which any such Incremental Lender states the amount of its Commitment Increase and agrees to assume and accept the obligations and rights of a Lender hereunder, and the Company accepts such new Incremental Commitments.
- (c) Any such notice delivered to the Administrative Agent in connection with Term Loan Commitments shall be delivered at a time when no Unmatured Event of Default or Event of Default has occurred and is continuing and shall specify (i) the amount of such Term Loan Commitments (which shall not be less than \$25,000,000 or, if less, the maximum amount of Incremental Commitments remaining to be established hereunder) sought by the Company, (ii) the Increased Amount Date, which shall be a date not less than ten Business Days after the date on which such notice is delivered to the Administrative Agent (unless otherwise agreed by the Administrative Agent in its sole discretion) and (iii) the identity of each Incremental Lender. Each Incremental Lender, if not already a Lender hereunder, shall be an Eligible Assignee and reasonably acceptable to the Administrative Agent and no Lender shall be required to participate in any Incremental Term Loans. On or after such Increased Amount Date, the Company, the Administrative Agent and one or more Incremental Lenders may, and without the consent of any other Lender, amend this Agreement pursuant to an amendment agreement (an "Incremental Term Loan Amendment") setting forth, to the extent applicable, the following terms of such Incremental Term Loans: (A) whether such Incremental Term Loans will be part of an existing tranche of Incremental Term Loans or part of a new and separate tranche, (B) the maturity or termination date applicable to

the Incremental Term Loans or Term Loan Commitments of such tranche, (C) any amortization applicable to the Incremental Term Loans of such tranche, (D) the interest rate or rates applicable to the Incremental Term Loans of such tranche, (E) the fees applicable to the Incremental Term Loans or Term Loan Commitments of such tranche, (F) any original issue discount applicable to Incremental Term Loans or Term Loan Commitments of such tranche, (G) the initial Interest Period or Interest Periods applicable to Incremental Term Loans or Term Loan Commitments of such tranche and (H) any voluntary or mandatory prepayment requirements or Term Loan Commitment reductions applicable to Incremental Term Loans or Term Loan Commitments of such tranche and any restrictions on the voluntary or mandatory prepayment or reduction of Incremental Term Loans or Term Loan Commitments of tranches established after such tranche (it being understood that any such mandatory prepayments may be applied to Term Loans prior to being applied to any Revolving Loans), and implementing such additional amendments to this Agreement as shall be appropriate to give effect to the foregoing terms and to provide the rights and benefits of this Agreement and other Loan Documents to the Incremental Term Loans of such tranche, and such amendment will be effective to amend this Agreement and the other Loan Documents on the terms set forth therein without the consent of any other Lender or the Swing Line Lender. Except as contemplated by the preceding sentence, the terms of any Incremental Term Loans established under this Section shall be the same as those of the Incremental Term Loans existing at the time such new Incremental Term Loans were made. Notwithstanding the foregoing, (1) except as provided in clauses (A) through (H) above, no Incremental Term Loan Amendment shall alter the rights of any Lender (other than the Incremental Lenders) in a manner that would not be permitted under Section 15.1 without the consent of such Lender unless such consent shall have been obtained and (2) no Incremental Term Loans (other than the 2019 Incremental Term Loans) shall (A) have a maturity date earlier than the Latest Maturity Date without the prior written consent of Lenders holding a majority of the principal amount of the Revolving Commitments and the Incremental Term Loans of any tranche maturing prior to such date, (B) have scheduled amortization of more than 5% of the original principal amount of such Incremental Term Loan per annum or (C) have mandatory prepayment terms other than customary mandatory prepayments from proceeds of assets sales and casualty events (with customary reinvestment rights), the incurrence of Debt not otherwise permitted hereunder and annual excess cash flow. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Incremental Term Loan Amendment.

- (d) Notwithstanding the foregoing, no Incremental Commitments or Incremental Term Loans shall be made or established, and no Incremental Term Loan Amendment shall become effective, unless (i) no Unmatured Event of Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such Incremental Commitments or Incremental Term Loans (except in the case that the proceeds of any Incremental Term Loans are being used to finance a Limited Condition Transaction, in which case the standard will be no Event of Default or Unmatured Event of Default on the LCT Test Date and no Event of Default under Sections 13.1(a) or 13.1(c) at the time of the consummation of such Limited Condition Transaction); (ii) all other fees and expenses owing in respect of such increase to the Administrative Agent and the Lenders will have been paid; (iii) the Company shall be in pro forma compliance with each of the covenants set forth in Section 11.12 (giving effect, if applicable, to the provisos thereto) as of the last day of the most recently ended Fiscal Quarter (or, in the case that the proceeds of any Incremental Term Loan are being used to finance a Limited Condition Transaction, as of the last day of the most recently ended Fiscal Quarter prior to the applicable LCT Test Date) after giving effect to such Commitment Increase or Incremental Term Loans and other customary and appropriate pro forma adjustment events, including any Acquisitions or dispositions after the beginning of the relevant determination period but prior to or simultaneous with the borrowing of such Incremental Commitments or Incremental Term Loans, as the case may be, and provided that for purposes of calculating the Total Debt to EBITDA Ratio, any Commitment Increases that are drawn substantially simultaneous with the effectiveness of such Commitment Increase shall be given pro forma effect; and (iv) the Company shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction.
- (e) Upon the making of any Incremental Term Loan or the effectiveness of any Incremental Commitment of any Incremental Lender that is not already a Lender pursuant to this Section, such Incremental Lender shall be deemed to be a "Lender" (and a Lender in respect of Loans of the applicable facility or tranche) hereunder, and henceforth shall be entitled to all the rights of, and benefits accruing to, Lenders (or Lenders in respect of the applicable facility or tranche) hereunder and shall be bound by all agreements,

acknowledgements and other obligations of Lenders (or Lenders in respect of the applicable facility or tranche) hereunder. After giving effect to any Commitment Increase, all Loans and all such other credit exposure shall be held ratably by the Lenders in proportion to their respective Term Loan Commitments and/or Revolving Commitments, as revised to reflect the Commitment Increase. The terms of any such Commitment Increase and the extensions of credit made pursuant thereto shall be identical to those of the other Commitments and the extensions of credit made pursuant thereto. Each Commitment Increase shall be deemed for all purposes a Revolving Commitment and each Loan made thereunder (an "Incremental Revolving Loan") shall be deemed, for all purposes, a Revolving Loan. The Administrative Agent may elect or decline to arrange the increase in Revolving Commitment sought by the Company but is under no obligation to arrange or consummate any such increase. The Company will cooperate with the Administrative Agent in such efforts.

- 2.1.3 L/C Commitment. Subject to Section 2.3.1, each Issuing Lender agrees to issue Letters of Credit, in each case containing such terms and conditions as are permitted by this Agreement and are reasonably satisfactory to the applicable Issuing Lender, at the request of and for the account of the Company from time to time on and after the 2019 Restatement Effective Date and before the scheduled Termination Date and, as more fully set forth in Section 2.3.2, each Lender agrees to purchase a participation in each such Letter of Credit, provided that (a) the aggregate Stated Amount of all Letters of Credit shall not at any time exceed \$300,000,000, (b) the aggregate Stated Amount of all Letters of Credit outstanding with respect to any Issuing Lender shall not exceed such Issuing Lender's Letter of Credit Sublimit, (c) the Revolving Outstandings shall not at any time exceed Revolving Loan Availability, (d) the Revolving Exposure of any Lender shall not at any time exceed its Revolving Commitment, (e) each Letter of Credit shall be denominated in U.S. Dollars or an Alternative Currency, (f) the stated amount of each Letter of Credit shall not be less than the applicable Borrowing Minimum or a higher integral multiple of the applicable Borrowing Multiple or such lesser amount as is acceptable to the applicable Issuing Lender and (g) in no event shall any Letter of Credit have an expiration date later than the earlier of (1) five Business Days prior to the Termination Date and (2) the date which is one year from the date of issuance of such Letter of Credit; provided any Letter of Credit may provide for renewal thereof for additional periods of up to 12 months (which in no event shall extend beyond the date referred to in clause (1) above unless such Letter of Credit is Cash Collateralized or backstopped pursuant to arrangements reasonably acceptable to the relevant Issuing Lender, it being understood that if an Issuing Lender issues a Letter of Credit that extends beyond the date referred to in clause (1) above, each Lender's participation in such Letter of Credit will end on the Termination Date). In the event there is a Revolving Lender that is a Defaulting Lender, no Issuing Lender shall be required to issue, renew or extend any Letter of Credit to the extent (x) the Defaulting Lender's Pro Rata Share of Letter of Credit Commitment may not be reallocated pursuant to Section 2.6(b) or (y) such Issuing Lender has not otherwise entered into arrangements satisfactory to it and the Company to eliminate such Issuing Lender's risk with respect to the participation in Letters of Credit of the Defaulting Lender, including by Cash Collateralizing such Defaulting Lender's Pro Rata Share of the Letter of Credit Usage. Notwithstanding the foregoing, the Company and its Subsidiaries may obtain Outside Letters of Credit; provided that the aggregate outstanding amount of such Outside Letters of Credit does not exceed the Outside Letter of Credit Limitation.
- 2.1.4 Swing Line Loan Commitments. Subject to the terms and conditions hereof the Swing Line Lender agrees to make Swing Line Loans in U.S. Dollars to the Company on and after the Restatement Effective Date in an aggregate amount up to but not exceeding the Swing Line Sublimit; provided, that after giving effect to the making of any Swing Line Loan, in no event shall (x) the Revolving Outstandings exceed the Revolving Loan Availability then in effect or (y) the Revolving Exposure of any Lender exceed its Revolving Commitment; provided, further, that the Swing Line Lender shall not be obligated to make any Swing Line Loans (a) after the occurrence and during the continuation of an Unmatured Event of Default or Event of Default, (b) if it does not in good faith believe that all conditions under Section 12.3 to the making of such Swing Line Loan have been satisfied or waived by the Required Lenders or (c) if any of the Revolving Lenders is a Defaulting Lender but, in the case of this clause (c) only to the extent that the Defaulting Lender's participation in such Swing Line Loan may not be reallocated pursuant to Section 2.6(b) and other arrangements satisfactory to it and the Company to eliminate such Swing Line Lender's risk with respect to the Defaulting Lender's participation in such Swing Line Loan (including Cash Collateralization by the Company of such Defaulting Lender's pro rata share of the outstanding Swing Line Loans) have not been entered into. Amounts borrowed pursuant to this Section 2.1.4 may be repaid and reborrowed until the Termination Date. The Swing Line Lender's Commitment shall expire on the Termination Date and all



Swing Line Loans and all other amounts owed hereunder with respect to the Swing Line Loans and the Commitments shall be paid in full no later than such date.

## 2.2 Loan Procedures.

- 2.2.1 Various Types of Revolving Loans. Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans of the same Type and currency, as the Company shall specify in the related notice of borrowing or conversion pursuant to Section 2.2.3 or 2.2.4. Subject to Sections 8.2 and 8.3, (i) each Borrowing of Revolving Loans denominated in U.S. Dollars (other than a Swing Line Loan) shall be comprised entirely of (A) LIBOR Loans or (B) Base Rate Loans, (ii) each Borrowing of Revolving Loans denominated in any Alternative Currency other than Euros, Canadian Dollars or Australian Dollars shall be comprised entirely of LIBOR Loans, (iii) each Borrowing of Revolving Loans denominated in Euros shall be comprised entirely of EURIBOR Loans, (iv) each Borrowing denominated in Canadian Dollars shall be comprised entirely of CDOR Loans, (v) each Borrowing of Revolving Loans denominated in Australian Dollars shall be comprised entirely of BBR Loans and (vi) each Swing Line Loan shall be a Base Rate Loan. Borrowings of more than one Type may be outstanding at the same time; provided that not more than fifteen different LIBOR, EURIBOR, CDOR and BBR Borrowings in the aggregate may be outstanding at any one time (unless the Administrative Agent agrees to a higher number in its sole discretion). All Borrowings, conversions and repayments of Revolving Loans shall be effected so that each Lender will have a ratable share (according to its Pro Rata Share) of all Types and Borrowings of Revolving Loans.
- 2.2.2 Various Types of 2019 Incremental Term Loans. Each 2019 Incremental Term Loan shall be made in U.S. Dollars and as part of a Borrowing consisting of 2019 Incremental Term Loans of the same Type, as the Company shall specify in the related notice of borrowing or conversion pursuant to Section 2.2.3 or 2.2.4. Subject to Sections 8.2 and 8.3, the Borrowing of 2019 Incremental Term Loans shall be comprised entirely of (A) LIBOR Loans or (B) Base Rate Loans. Borrowings of more than one Type of 2019 Incremental Term Loans may be outstanding at the same time; provided that not more than fifteen different LIBOR, EURIBOR, CDOR and BBR Borrowings in the aggregate may be outstanding at any one time (unless the Administrative Agent agrees to a higher number in its sole discretion). All Borrowings, conversions and repayments of 2019 Incremental Term Loans shall be effected so that each Lender will have a ratable share (according to its Pro Rata Share) of all Types and Borrowings of 2019 Incremental Term Loans.
- 2.2.3 Borrowing Procedures. The Company shall give written notice (each such written notice, a "Notice of Borrowing") substantially in the form of Exhibit D to the Administrative Agent of each proposed Borrowing not later than (a) in the case of a Base Rate Borrowing, 12:00 P.M., Local Time, on the proposed date of the making of a Loan, (b) in the case of a LIBOR Borrowing denominated in U.S. Dollars, 12:00 P.M., Local Time, at least three Business Days prior to such proposed date and (c) in the case of any Borrowing denominated in an Alternative Currency, 12:00 P.M., Local Time, at least four Business Days prior to such proposed date. Each such notice shall be effective upon receipt by the Administrative Agent, shall be irrevocable, and shall specify the date, amount, Type and applicable currency of the Borrowing and, in the case of a LIBOR, EURIBOR, CDOR or BBR Borrowing, the initial Interest Period therefor. If no election as to the currency of a Borrowing is specified, then the requested Borrowing shall be denominated in U.S. Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be a Base Rate Borrowing if denominated in U.S. Dollars, a EURIBOR Borrowing if denominated in Euros, a CDOR Borrowing if denominated in Canadian Dollars, a BBR Borrowing if denominated in Australian Dollars or a LIBOR Borrowing if denominated in an Alternative Currency other than Euro, Canadian Dollars or Australian Dollars. If no Interest Period is specified with respect to any requested LIBOR, EURIBOR, CDOR or BBR Borrowing, then the Company shall be deemed to have selected an Interest Period of one month's duration. Promptly upon receipt of such notice, the Administrative Agent shall advise each Lender thereof. Not later than 2:00 P.M., New York City time, on the proposed date of the making of a Loan, each Lender shall provide the Administrative Agent at the Principal Office specified by the Administrative Agent with immediately available funds covering such Lender's Pro Rata Share of such Borrowing in the applicable currency and, so long as the Administrative Agent has not received written notice that the conditions precedent set forth in Section 12 with respect to such Borrowing have not been satisfied, the Administrative Agent shall pay over the funds received by the Administrative Agent to the Company on such requested date. Each Borrowing shall be on a Business Day. Each Borrowing shall be in an aggregate principal amount of at least the applicable Borrowing Minimum and an integral multiple of at least the applicable Borrowing Multiple.

#### 2.2.4 Conversion and Continuation Procedures.

- (a) Subject to Section 2.2.1 and Section 2.2.2, the Company may, upon irrevocable written notice to the Administrative Agent in accordance with clause (b) below:
- (i) elect, as of any Business Day, to convert any Loans denominated in U.S. Dollars (or any part thereof in an aggregate amount not less than the applicable Borrowing Minimum or a higher integral multiple equal to the applicable Borrowing Multiple) into Loans of another Type denominated in U.S. Dollars; provided that a LIBOR Loan may only be converted on the expiration of the Interest Period applicable to such LIBOR Loan unless the Company shall pay all amounts due hereunder in connection with any such conversion; or
  - (ii) elect, as of the last day of the applicable Interest Period, to continue any LIBOR, EURIBOR, CDOR or BBR Loans having Interest Periods expiring on such day (or any part thereof in an aggregate amount not less than the applicable Borrowing Minimum or a higher integral multiple equal to the applicable Borrowing Multiple) for a new Interest Period; provided that if an Unmatured Event of Default or Event of Default shall have occurred and be continuing at the end of any Interest Period, (A) no outstanding Borrowing denominated in U.S. Dollars may be converted to or continued as a LIBOR Borrowing, (B) unless repaid, each LIBOR Borrowing denominated in U.S. Dollars shall be converted to a Base Rate Borrowing at the end of the Interest Period applicable thereto and (C) unless repaid, each LIBOR, EURIBOR, CDOR and BBR Borrowing denominated in an Alternative Currency shall be continued as a LIBOR, EURIBOR, CDOR or BBR Borrowing, as applicable, with an Interest Period of one month's duration.
- (b) The Company shall give written notice (each such written notice, a "Notice of Conversion/Continuation") substantially in the form of Exhibit E to the Administrative Agent of each proposed conversion or continuation not later than (i) in the case of conversion into Base Rate Loans, 12:00 P.M., Local Time, three Business Days prior to the proposed date of such conversion, (ii) in the case of conversion into or continuation of LIBOR Loans denominated in U.S. Dollars, 12:00 P.M., Local Time, at least three Business Days prior to the proposed date of such conversion or continuation and (iii) in the case of continuation of Loans denominated in an Alternative Currency, 12:00 P.M., Local Time, at least four Business Days prior to the proposed date of such conversion or continuation, specifying in each case:
- (i) the proposed date of conversion or continuation;
  - (ii) the aggregate amount of Loans to be converted or continued;
  - (iii) the Type of Loans resulting from the proposed conversion or continuation; and
  - (iv) in the case of conversion into LIBOR Loans, or continuation of LIBOR, EURIBOR, CDOR or BBR Loans, the duration of the requested Interest Period therefor.
- (c) If upon the expiration of any Interest Period applicable to LIBOR Loans denominated in U.S. Dollars, the Company has failed to timely select a new Interest Period to be applicable to such LIBOR Loans, the Company shall be deemed to have elected to convert such LIBOR Loans into Base Rate Loans effective on the last day of such Interest Period. If upon the expiration of any Interest Period applicable to LIBOR, EURIBOR, CDOR or BBR Loans denominated in an Alternative Currency the Company has failed to timely select a new Interest Period to be applicable to such LIBOR, EURIBOR, CDOR or BBR Loans, such Loans shall be continued as LIBOR, EURIBOR, CDOR or BBR Loans, as applicable, in their original currency with an Interest Period of one month. Other than pursuant to Section 8.3, no Revolving Loans may be converted into or continued as Revolving Loans denominated in a different currency, but instead must be prepaid in the original currency of such Revolving Loans and reborrowed in the other currency.
- (d) The Administrative Agent will promptly notify each Lender of its receipt of a notice of conversion or continuation pursuant to this Section 2.2.4 or, if no timely notice is provided by the Company, of the details of any automatic conversion.

(e) Any conversion of a LIBOR Loan on a day other than the last day of an Interest Period therefor shall be subject to [Section 8.4](#).

### 2.3 Letter of Credit Procedures.

- 2.3.1 Notice of Issuance. The Company shall give notice to the Administrative Agent and the applicable Issuing Lender of the proposed issuance of each Letter of Credit on a Business Day which is (i) in the case of a Letter of Credit denominated in U.S. Dollars, at least three Business Days (or such lesser number of days as the Administrative Agent and the applicable Issuing Lender shall agree in any particular instance in their sole discretion) prior to the proposed date of issuance of such Letter of Credit and (ii) in the case of a Letter of Credit denominated in an Alternative Currency, at least five Business Days (or such lesser number of days as the Administrative Agent and the applicable Issuing Lender shall agree in any particular instance in their sole discretion) prior to the proposed date of issuance of such Letter of Credit. Each such notice shall be accompanied by an L/C Application, duly executed by the Company and in all respects satisfactory to the Administrative Agent and the applicable Issuing Lender, together with such other documentation as the Administrative Agent or the applicable Issuing Lender may request in support thereof, it being understood that each L/C Application shall specify, among other things, the date on which the proposed Letter of Credit is to be issued, the expiration date of such Letter of Credit (which shall be in accordance with Section 2.1.3) and whether such Letter of Credit is to be transferable in whole or in part. Any Letter of Credit outstanding after the scheduled Termination Date which is Cash Collateralized for the benefit of the applicable Issuing Lender shall be the sole responsibility of such Issuing Lender. So long as the applicable Issuing Lender has not received written notice that the conditions precedent set forth in Section 12 with respect to the issuance of such Letter of Credit have not been satisfied, such Issuing Lender shall issue such Letter of Credit on the requested issuance date. Each Issuing Lender shall promptly advise the Administrative Agent of the issuance of each Letter of Credit issued by such Issuing Lender and of any amendment thereto, extension thereof or event or circumstance changing the amount available for drawing thereunder. As of the 2019 Restatement Effective Date, all Letters of Credit outstanding under the Existing Credit Agreement shall be deemed to have been issued pursuant hereto, and from and after the 2019 Restatement Effective Date shall be subject to and governed by the terms and conditions hereof.
- 2.3.2 Participations in Letters of Credit. Concurrently with the issuance of each Letter of Credit, the applicable Issuing Lender shall be deemed to have sold and transferred to each Revolving Lender, and each such Revolving Lender shall be deemed irrevocably and unconditionally to have purchased and received from such Issuing Lender, without recourse or warranty, an undivided interest and participation, to the extent of such Revolving Lender's Pro Rata Share, in such Letter of Credit and the Company's reimbursement obligations with respect thereto. If the Company does not pay any reimbursement obligation when due, the Company shall be deemed to have immediately requested that the Revolving Lenders make a Revolving Loan which is a Base Rate Loan in a principal amount equal to such reimbursement obligations. The Administrative Agent shall promptly notify such Revolving Lenders of such deemed request and, subject to satisfaction or waiver of the conditions satisfied in Section 12.3, such Revolving Lender shall make available to the Administrative Agent its Pro Rata Share of such Loan. The proceeds of such Loan shall be paid over by the Administrative Agent to the applicable Issuing Lender for the account of the Company in satisfaction of such reimbursement obligations. For the purposes of this Agreement, the unparticipated portion of each Letter of Credit shall be deemed to be the applicable Issuing Lender's "participation" therein. Each Issuing Lender hereby agrees, upon request of the Administrative Agent or any Revolving Lender, to deliver to the Administrative Agent or such Revolving Lender a list of all outstanding Letters of Credit issued by such Issuing Lender, together with such information related thereto as the Administrative Agent or such Revolving Lender may reasonably request.
- 2.3.3 Reimbursement Obligations. The Company hereby unconditionally and irrevocably agrees to reimburse each Issuing Lender for each payment or disbursement made by such Issuing Lender under any Letter of Credit issued by such Issuing Lender honoring any demand for payment made by the beneficiary thereunder, in each case on the date that such payment or disbursement is made. Any amount not reimbursed on the date of such payment or disbursement shall bear interest from the date of such payment or disbursement to the date that such Issuing Lender is reimbursed by the Company for such amount, payable on demand, at a rate per annum equal to the Base Rate from time to time in effect plus the Base Rate Margin for Revolving Loans and Swing Line Loans from time to time in effect plus, beginning on the third Business Day after receipt of notice from such Issuing Lender of such payment or disbursement, 2%. The applicable Issuing

Lender shall notify the Company and the Administrative Agent whenever any demand for payment is made under any Letter of Credit issued by such Issuing Lender by the beneficiary thereunder; provided that the failure of such Issuing Lender to so notify the Company or the Administrative Agent shall not affect the rights of such Issuing Lender or the Lenders in any manner whatsoever.

The Company's reimbursement obligations hereunder shall be irrevocable and unconditional under all circumstances, including (i) any lack of validity or enforceability of any Letter of Credit, this Agreement or any other Loan Document, (ii) the existence of any claim, set-off, defense or other right which any Loan Party may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, an Issuing Lender, any Lender or any other Person, whether in connection with any Letter of Credit, this Agreement, any other Loan Document, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between any Loan Party and the beneficiary named in any Letter of Credit), (iii) the validity, sufficiency or genuineness of any document which an Issuing Lender has determined complies on its face with the terms of the applicable Letter of Credit, even if such document should later prove to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein shall have been untrue or inaccurate in any respect, (iv) the surrender or impairment of any security for the performance or observance of any of the terms hereof or (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Company's obligations hereunder. Without limiting the foregoing, no action or omission whatsoever by the Administrative Agent or any Lender (excluding any Lender in its capacity as an Issuing Lender) under or in connection with any Letter of Credit or any related matters shall result in any liability of the Administrative Agent or any Lender to the Company, or relieve the Company of any of its obligations hereunder to any such Person.

- 2.3.4 Funding by Revolving Lenders to Issuing Lender. If an Issuing Lender makes any payment or disbursement under any Letter of Credit issued by such Issuing Lender and (a) the Company has not reimbursed such Issuing Lender in full for such payment or disbursement on the date immediately following the date of such payment or disbursement, (b) a Revolving Loan may not be made in accordance with Section 2.3.2, or (c) any reimbursement received by an Issuing Lender from the Company is or must be returned or rescinded upon or during any bankruptcy or reorganization of the Company or otherwise, each other Revolving Lender shall be obligated to pay to the Administrative Agent for the account of such Issuing Lender, in full or partial payment of the purchase price of its participation in such Letter of Credit, its Pro Rata Share of such payment or disbursement (but no such payment shall diminish the obligations of the Company under Section 2.3.3), and, upon notice from such Issuing Lender, the Administrative Agent shall promptly notify each other Revolving Lender thereof. Each other Revolving Lender irrevocably and unconditionally agrees to so pay to the Administrative Agent in immediately available funds for such Issuing Lender's account the amount of such other Revolving Lender's Pro Rata Share of such payment or disbursement. If and to the extent any Revolving Lender shall not have made such amount available to the Administrative Agent by 2:00 P.M., New York City time, on the Business Day on which such Revolving Lender receives notice from the Administrative Agent of such payment or disbursement (it being understood that any such notice received after noon, New York City time, on any Business Day shall be deemed to have been received on the next following Business Day), such Revolving Lender agrees to pay interest on such amount to the Administrative Agent for an Issuing Lender's account forthwith on demand, for each day from the date such amount was to have been delivered to the Administrative Agent to the date such amount is paid, at a rate per annum equal to (a) for the first three days after demand, the Federal Funds Rate from time to time in effect, and (b) thereafter, the Base Rate from time to time in effect. Any Revolving Lender's failure to make available to the Administrative Agent its Pro Rata Share of any such payment or disbursement shall not relieve any other Revolving Lender of its obligation hereunder to make available to the Administrative Agent such other Revolving Lender's Pro Rata Share of such payment, but no Revolving Lender shall be responsible for the failure of any other Revolving Lender to make available to the Administrative Agent such other Lender's Pro Rata Share of any such payment or disbursement.
- 2.3.5 Commitments Several. The failure of any Lender to make a requested Loan on any date shall not relieve any other Lender of its obligation (if any) to make a Loan on such date, but no Lender shall be responsible for the failure of any other Lender to make any Loan to be made by such other Lender.

2.3.6 Certain Conditions. Except as otherwise provided in Section 2.3.4 of this Agreement, no Lender shall have an obligation to make any Loan, or to permit the continuation of or any conversion into any LIBOR Loan, and no Issuing Lender shall have any obligation to issue any Letter of Credit, if an Event of Default or Unmatured Event of Default exists.

2.3.7 Indemnification. Without duplication of any obligation of the Company under Section 15.16 or 15.17, in addition to amounts payable as provided herein, the Company hereby agrees to protect, indemnify, pay and save harmless each Issuing Lender from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable legal counsel fees, expenses and disbursements of counsel) which an Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit by an Issuing Lender, other than as a result of (1) the gross negligence or willful misconduct of such Issuing Lender or (2) the wrongful dishonor by such Issuing Lender of a proper demand for payment made under any Letter of Credit issued by it or (ii) the failure of an Issuing Lender to honor a drawing under any such Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority, in each case as determined by a final, non-appealable judgment of a court of competent jurisdiction.

2.3.8 Responsibility of Issuing Lenders With Respect to Requests for Drawings and Payments. In determining whether to honor any drawing under any Letter of Credit by the beneficiary thereof, each Issuing Lender shall be responsible only to examine the documents delivered under such Letter of Credit with reasonable care so as to ascertain whether they appear on their face to be in accordance with the terms and conditions of such Letter of Credit. As between the Company and each Issuing Lender, the Company assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by such Issuing Lender by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, no Issuing Lender shall be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (iv) errors in interpretation of technical terms; (v) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vi) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (vii) any consequences arising from causes beyond the control of such Issuing Lender, including any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority, none of the above shall affect or impair, or prevent the vesting of, any of such Issuing Lender's rights or powers hereunder. Without limiting the foregoing and in furtherance thereof, no action taken or omitted by an Issuing Lender under or in connection with the Letters of Credit or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall give rise to any liability on the part of such Issuing Lender to the Company. Notwithstanding anything to the contrary contained in this Section 2.3.8, the Company shall retain any and all rights it may have against an Issuing Lender for any liability arising solely out of the gross negligence or willful misconduct of such Issuing Lender, as determined by a final, non-appealable judgment of a court of competent jurisdiction.

#### 2.4 Swing Line Loans.

- (a) Swing Line Loans shall be made in U.S. Dollars in an aggregate minimum amount of \$500,000 and integral multiples of \$100,000 in excess of that amount.
- (b) Whenever the Company desires that the Swing Line Lender make a Swing Line Loan, the Company shall deliver to the Administrative Agent a Notice of Borrowing no later than 3:00 P.M. (New York City time) on the proposed date of the making of such Swing Line Loan.
- (c) The Swing Line Lender shall make the amount of its Swing Line Loan available to the Administrative Agent not later than 4:00 P.M., New York City time, on the applicable date of the making of such Swing Line Loan by wire transfer of same day funds in U.S. Dollars, at the Administrative Agent's Principal

Office. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of such Swing Line Loans available to the Company on the applicable date of the making of such Swing Line Loan by causing an amount of same day funds in U.S. Dollars equal to the proceeds of all such Swing Line Loans received by the Administrative Agent from the Swing Line Lender to be credited to the account of the Company at the Administrative Agent's Principal Office, or to such other account as may be designated in writing to the Administrative Agent by the Company.

- (d) With respect to any Swing Line Loans which have not been voluntarily prepaid by the Company pursuant to [Section 6.2.1](#) or repaid by the Company pursuant to [Section 6.4\(b\)](#), the Swing Line Lender may at any time in its sole and absolute discretion, deliver to the Administrative Agent (with a copy to the Company), no later than 11:00 A.M., New York City time, at least one Business Day in advance of the proposed date of the making of such Refunded Swing Line Loans (as defined below), a notice (which shall be deemed to be a Notice of Borrowing given by the Company) requesting that each Revolving Lender make Revolving Loans that are Base Rate Loans to the Company on such date in an amount equal to the amount of such Swing Line Loans (the "[Refunded Swing Line Loans](#)") outstanding on the date such notice is given which the Swing Line Lender requests Revolving Lenders to prepay. Anything contained in this Agreement to the contrary notwithstanding, (1) the proceeds of such Revolving Loans made by the Revolving Lenders other than the Swing Line Lender shall be immediately delivered by the Administrative Agent to the Swing Line Lender (and not to the Company) and applied to repay a corresponding portion of the Refunded Swing Line Loans and (2) on the day such Revolving Loans are made, the Swing Line Lender's Pro Rata Share of the Refunded Swing Line Loans shall be deemed to be paid with the proceeds of a Revolving Loan made by the Swing Line Lender to the Company, and such portion of the Swing Line Loans deemed to be so paid shall no longer be outstanding as Swing Line Loans of the Swing Line Lender but shall instead constitute part of the Swing Line Lender's outstanding Revolving Loans to the Company. The Company hereby authorizes the Administrative Agent and the Swing Line Lender to charge the Company's accounts with the Administrative Agent and the Swing Line Lender (up to the amount available in each such account) in order to immediately pay the Swing Line Lender the amount of the Refunded Swing Line Loans to the extent the proceeds of such Revolving Loans made by Lenders, including the Revolving Loans deemed to be made by the Swing Line Lender, are not sufficient to repay in full the Refunded Swing Line Loans. If any portion of any such amount paid (or deemed to be paid) to the Swing Line Lender should be recovered by or on behalf of the Company from the Swing Line Lender in bankruptcy, by assignment for the benefit of creditors or otherwise, the loss of the amount so recovered shall be ratably shared among all Revolving Lenders in the manner contemplated by [Section 7.5](#).
- (e) If for any reason Revolving Loans are not made hereunder in an amount sufficient to repay any amounts owed to the Swing Line Lender in respect of any outstanding Swing Line Loans on or before the third Business Day after demand for payment thereof by the Swing Line Lender, each Revolving Lender shall be deemed to, and hereby agrees to, have purchased a participation in such outstanding Swing Line Loans, and in an amount equal to its Pro Rata Share of the applicable unpaid amount together with accrued interest thereon. Upon one Business Days' notice from the Swing Line Lender, each Revolving Lender shall deliver to the Swing Line Lender an amount equal to its respective participation in the applicable unpaid amount in same day funds at the Principal Office of the Swing Line Lender. In order to evidence such participation each Revolving Lender agrees to enter into a participation agreement at the request of the Swing Line Lender in form and substance reasonably satisfactory to the Swing Line Lender. In the event any Revolving Lender fails to make available to the Swing Line Lender the amount of such Revolving Lender's participation as provided in this paragraph, the Swing Line Lender shall be entitled to recover such amount on demand from such Revolving Lender together with interest thereon for three Business Days at the rate customarily used by the Swing Line Lender for the correction of errors among banks and thereafter at the Base Rate, as applicable.
- (f) Notwithstanding anything contained herein to the contrary, each Revolving Lender's obligation to make Revolving Loans for the purpose of repaying any Swing Line Loans pursuant to the second preceding paragraph and each Revolving Lender's obligation to purchase a participation in any unpaid Swing Line Loans pursuant to the immediately preceding paragraph shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, any Loan Party or any other

Person for any reason whatsoever; (B) the occurrence or continuation of an Unmatured Event of Default or Event of Default; (C) (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Loan Parties taken as a whole, (ii) a material impairment of the ability of any Loan Party to perform any of the Obligations under any Loan Document or (iii) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document; (D) any breach of this Agreement or any other Loan Document by any party thereto; or (E) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.5 Availability of Funds. Unless the Administrative Agent shall have been notified by any Lender prior to the applicable date of the making of a Loan or the issuing or renewal of a Letter of Credit that such Lender does not intend to make available to the Administrative Agent the amount of such Lender's Loan requested on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date and the Administrative Agent may, in its sole discretion, but shall not be obligated to, make available to the Company a corresponding amount on such date. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest thereon, for each day from such date until the date such amount is paid to the Administrative Agent, at the customary rate set by the Administrative Agent for the correction of errors among banks for three Business Days and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Company and the Company shall immediately pay such corresponding amount to the Administrative Agent together with interest thereon, for each day from such date until the date such amount is paid to the Administrative Agent, at the rate payable hereunder for Base Rate Loans for such class of Loans. Nothing in this Section 2.5 shall be deemed to relieve any Lender from its obligation to fulfill its Commitment hereunder or to prejudice any rights that the Company may have against any Lender as a result of any default by such Lender hereunder.

2.6 Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, if any Swing Line Commitment or Letter of Credit Commitment exists at the time a Revolving Lender becomes a Defaulting Lender (such Revolving Lender, a "Defaulting Revolving Lender") then:

- (a) such Defaulting Revolving Lender's right to approve or disapprove any amendment, waiver or consent with respect to this amendment shall be restricted as set forth in the definition of Required Lenders and Section 15.1;
- (b) all or any part of such Swing Line Commitment and Letter of Credit Commitment shall be reallocated among the non-Defaulting Revolving Lenders in accordance with their respective Pro Rata Share of such Swing Line Commitment and/or Letter of Credit Commitment but only to the extent (i) the sum of the non-Defaulting Revolving Lenders' Pro Rata Shares of the sum, as at any date of determination, of (x) the aggregate principal amount of all Revolving Loans (other than Revolving Loans made for the purpose of reimbursing an Issuing Lender for any amount drawn under any Letter of Credit, but not yet so applied), (x) the aggregate principal amount of all outstanding Swing Line Loans and (z) the Letter of Credit Usage, plus such Defaulting Revolving Lender's Pro Rata Share of Revolving Exposure do not exceed the total of all non-Defaulting Revolving Lenders' Revolving Commitments and (ii) the conditions set forth in Section 12.3 are satisfied at such time; provided that the aggregate obligation of each non-Defaulting Revolving Lender to acquire, refinance or fund participations in Letters of Credit and Swing Line Loans shall not exceed the positive difference, if any, of (A) the Revolving Commitment of that non-Defaulting Lender minus (B) the sum of the aggregate outstanding principal amount of the Revolving Loans of such non-Defaulting Lender plus such non-Defaulting Lender's Pro Rata Share of the outstanding Swing Line Loans and Letter of Credit Usage;
- (c) if the reallocation described in clause (a) above cannot, or can only partially, be effected, the Company shall (i) first, within one Business Day following notice by the Administrative Agent, prepay any outstanding Swing Line Loans to the extent the Swing Line Commitments related thereto have not been reallocated pursuant to clause (a) above and (ii) second, within five Business Days following notice by the Administrative Agent, Cash Collateralize such Defaulting Lender's Pro Rata Share of the Letter of Credit Commitment (after giving effect to any partial reallocation pursuant to clause (a) above) for so long as such Letter of Credit Commitment is outstanding;

- (d) if the Letter of Credit Commitment of the non-Defaulting Revolving Lenders is reallocated pursuant to clause (a) above, then the fees payable to the Lenders pursuant to Section 5 solely in respect of the unfunded portion of such Lenders' Revolving Commitment shall be adjusted in accordance with such non-Defaulting Revolving Lenders' Pro Rata Shares; and
- (e) If the Company, the Administrative Agent, the Swing Line Lender and each Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held pro rata by the Lenders in accordance with the Revolving Commitments (without giving effect to paragraph (b) above), whereupon, such Lender will cease to be a Defaulting Revolving Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Company while that Lender was a Defaulting Revolving Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Revolving Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Revolving Lender.

### SECTION 3 EVIDENCING OF LOANS.

3.1 Notes. If so requested by any Lender by written notice to the Company (with a copy to the Administrative Agent), the Loans of each Lender shall be evidenced by a Note, with appropriate insertions, payable to such Lender in a face principal amount equal to such Lender's Commitment.

3.2 Recordkeeping. The Administrative Agent, on behalf of each Lender, shall record in its records, the date and amount of each Loan made by each Lender, each repayment or conversion thereof and, in the case of each LIBOR, EURIBOR, CDOR and BBR Loan, the dates on which each Interest Period for such Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttably presumptive evidence of the principal amount of the Loans owing and unpaid. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the Obligations of the Company hereunder or under any Note to repay the principal amount of the Loans hereunder, together with all interest accruing thereon. The Administrative Agent will provide to the Company, at the Company's expense, copies of such records pertaining to the Company from time to time upon the Company's reasonable written request.

### SECTION 4 INTEREST.

4.1 Interest Rates. The Company promises to pay interest on the unpaid principal amount of each Loan for the period commencing on the date of such Loan until such Loan is paid in full as follows:

- (a) in the case of Revolving Loans:
- (i) at all times while such Loan is a Base Rate Loan, at a rate per annum equal to the sum of the Base Rate from time to time in effect plus the Base Rate Margin for Revolving Loans and Swing Line Loans from time to time in effect;
  - (ii) at all times while such Loan is a LIBOR Loan, (A) in the case of a LIBOR Loan denominated in U.S. Dollars, at a rate per annum equal to the sum of the Adjusted LIBO Rate applicable to each Interest Period for such Loan plus the LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans from time to time in effect and (B) in the case of a LIBOR Loan denominated in an Alternative Currency, at a rate per annum equal to the sum of the LIBO Rate applicable to each Interest Period for such Loan plus the LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans from time to time in effect;
  - (iii) at all times while such Loan is an EURIBOR Loan, at a rate per annum equal to the sum of the EURIBO Rate applicable to each Interest Period for such Loan plus the LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans from time to time in effect;



- (iv) at all times while such Loan is a CDOR Loan, at a rate per annum equal to the sum of the CDOR Rate applicable to each Interest Period for such Loan plus the LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans from time to time in effect; and
- (v) at all times while such Loan is a BBR Loan, at a rate per annum equal to the sum of the BB Rate applicable to each Interest Period for such Loan plus the LIBOR/EURIBOR/CDOR/BBR Margin for Revolving Loans from time to time in effect;
- (b) in the case of the 2019 Incremental Term Loans:
  - (i) at all times while such Loan is a Base Rate Loan, at a rate per annum equal to the sum of the Base Rate from time to time in effect plus the Base Rate Margin for 2019 Incremental Term Loans from time to time in effect; and
  - (ii) at all times while such Loan is a LIBOR Loan, at a rate per annum equal to the sum of the Adjusted LIBO Rate applicable to each Interest Period for such Loan plus the LIBOR Margin for 2019 Incremental Term Loans from time to time in effect; and
- (c) in the case of Swing Line Loans, the sum of the Base Rate from time to time in effect plus the Base Rate Margin for Revolving Loans and Swing Line Loans from time to time in effect; provided that (i) if any amount payable by the Company under the Loan Documents is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws; and (ii) accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable on demand.

4.2 Interest Payment Dates. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date and at maturity. After maturity, and at any time an Event of Default exists, accrued interest on all Loans shall be payable on demand.

4.3 Setting and Notice of Rates. The applicable rate for each Interest Period shall be determined by the Administrative Agent, and notice thereof shall be given by the Administrative Agent promptly to the Company and each applicable Lender. The Administrative Agent shall, upon written request of the Company or any Lender, deliver to the Company or such Lender a statement showing the computations used by the Administrative Agent in determining any applicable Adjusted LIBO Rate, LIBO Rate, EURIBO Rate, CDOR Rate or BB Rate hereunder.

4.4 Computation of Interest.

- (a) Interest shall be computed for the actual number of days elapsed on the basis of a year of (a) 360 days for interest calculated at the LIBO Rate, EURIBO Rate, CDOR Rate or BB Rate and (b) 365/366 days for interest calculated at the Base Rate; provided that in the case of (i) Loans denominated in Sterling, interest shall be computed on the basis of a year of 365 days and (ii) Loans denominated in Alternative Currencies, other than Sterling, as to which customary market practice differs from the foregoing, interest shall be computed in accordance with such market practice. The applicable interest rate for each Base Rate Loan shall change simultaneously with each change in the Base Rate.
- (b) Except as otherwise set forth herein, interest on each Loan (i) shall accrue on a daily basis and shall be payable in arrears on each Interest Payment Date with respect to interest accrued on and to each such Interest Payment Date; (ii) shall accrue on a daily basis and shall be payable in arrears upon any prepayment of such Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) shall accrue on a daily basis and shall be payable in arrears at maturity of such Loan, including final maturity of such Loan; provided, that with respect to any voluntary prepayment of a Base Rate Loan, accrued interest shall instead be payable on the applicable Interest Payment Date.
- (c) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding upon the parties hereto, in the absence of demonstrable error.

**SECTION 5 FEES.**

5.1 Facility Fee. The Company agrees to pay to the Administrative Agent at its Principal Office for the account of each Lender a facility fee in U.S. Dollars, for the period from the 2019 Restatement Effective Date to the Termination Date, at the Facility Fee Rate in effect from time to time of such Lender's Pro Rata Share (as adjusted from time to time) of the Revolving Commitments (whether used or unused); provided, that (i) any facility fee accrued with respect to any of the unfunded Revolving Commitments of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall be payable by the Company so long as such facility fee shall otherwise have been due and payable by the Company prior to such time of such Lender becoming a Defaulting Lender, (ii) facility fees shall continue to accrue on the amount of the Revolving Commitment of a Defaulting Lender only to the extent of the Revolving Exposure of such Defaulting Lender and (iii) if a Lender continues to have any Revolving Exposure after its Revolving Commitment terminates, then facility fees shall continue to accrue on the daily amount of such Lender's Revolving Exposure from and including the date on which its Revolving Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Exposure. Facility fees shall be payable in arrears on the last day of each calendar quarter and on the Termination Date for any period then ending for which such facility fees shall not have previously been paid. The facility fee shall be computed for the actual number of days elapsed on the basis of a year of 360 days.

5.2 Letter of Credit Fees.

- (a) The Company agrees to pay to the Administrative Agent at its Principal Office for the account of each Revolving Lender a letter of credit fee for each Letter of Credit equal to the L/C Fee Rate in effect from time to time of such Revolving Lender's Pro Rata Share (as adjusted from time to time) of the undrawn amount of such Letter of Credit (computed for the actual number of days elapsed on the basis of a year of 360 days). Such letter of credit fees shall be payable in arrears on the last Business Day of each calendar quarter and on the Termination Date (or such later date on which such Letter of Credit expires or is terminated) for the period from the date of the issuance of each Letter of Credit (or the last day on which the letter of credit fee was paid with respect thereto) to the date such payment is due or, if earlier, the date on which such Letter of Credit expired or was terminated.
- (b) In addition, with respect to each Letter of Credit, the Company agrees to pay to each Issuing Lender, for its own account, (i) such fees and expenses as such Issuing Lender customarily requires in connection with the issuance, negotiation, processing and/or administration of letters of credit in similar situations and (ii) a letter of credit fronting fee of 0.125% per annum on the aggregate face amount of all outstanding Letters of Credit issued by such Issuing Lender. Such letter of credit fronting fee shall be payable in arrears on the last Business Day of each calendar quarter and on the Termination Date (or such later date on which such Letter of Credit expires or is terminated) for the period from the date of the issuance of each Letter of Credit (or the last day on which the letter of credit fee was paid with respect thereto) to the date such payment is due or, if earlier, the date on which such Letter of Credit expired or was terminated.

5.3 Administrative Agent's Fees. The Company agrees to pay to the Administrative Agent such agent's fees in the amounts and at times separately agreed upon.

**SECTION 6 REDUCTION OR TERMINATION OF THE COMMITMENT; PREPAYMENTS.**

6.1 Reduction or Termination of the Commitments.

- 6.1.1 Voluntary Reduction or Termination of the Revolving Commitments. The Company may from time to time on at least three Business Days' prior written notice received by the Administrative Agent (which shall promptly advise each Revolving Lender thereof) permanently reduce the Revolving Commitments to an amount not less than the Revolving Outstandings; provided that a notice of termination or reduction of the Revolving Commitments under this Section 6.1.1 may state that such notice is conditioned upon the occurrence of one or more events specified therein, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date). Any such reduction shall be in an amount not less than \$1,000,000 or a higher integral multiple of \$100,000. Concurrently with any reduction of the Revolving Commitments to zero, the Company shall pay all interest on the Revolving Loans, all facility fees and all letter of credit fees and shall Cash Collateralize in full all obligations arising with respect to the Letters of Credit.

6.1.2 Voluntary Reduction or Termination of the 2019 Incremental Term Loan Commitments. The Company may from time to time on at least three Business Days' prior written notice received by the Administrative Agent (which shall promptly advise each 2019 Incremental Term Loan Lender thereof) permanently reduce the 2019 Incremental Term Loan Commitments to an amount not less than zero; provided that a notice of termination or reduction of the 2019 Incremental Term Loan Commitments under this Section 6.1.2 may state that such notice is conditioned upon the occurrence of one or more events specified therein, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date). Any such reduction shall be in an amount not less than \$1,000,000 or a higher integral multiple of \$100,000.

6.1.3 All Reductions of the Commitment. All reductions of any Commitments shall reduce the applicable Commitments ratably among the applicable Lenders according to their respective Pro Rata Shares.

## 6.2 Prepayments.

6.2.1 Voluntary Prepayments. The Company may from time to time prepay the Loans of any class in whole or in part; provided that the Company shall give the Administrative Agent (which shall promptly advise each Lender) written notice thereof, which shall be substantially in the form of Exhibit F, not later than (i) with respect to Base Rate Loans, 12:00 P.M., Local Time, one Business Day prior to the proposed date of such prepayment, (ii) in the case of LIBOR Loans denominated in U.S. Dollars and Swing Line Loans, 12:00 P.M., Local Time, three Business Days prior to the proposed date of such prepayment and (iii) in the case of LIBOR Loans, EURIBOR Loans, CDOR Loans and BBR Loans denominated in an Alternative Currency, 12:00 P.M., Local Time, four Business Days prior to the proposed date of such prepayment, which shall, in each case, be a Business Day, specifying the Loans to be prepaid and the date and amount of prepayment. Any such partial prepayment shall be in an amount equal to the applicable Borrowing Minimum or a higher integral multiple of the applicable Borrowing Multiple.

### 6.2.2 Mandatory Prepayments.

(a) Revolving Loans. If on any day (a) the Revolving Commitments are reduced pursuant to Section 6.1.1 or (b) due to fluctuations in currency exchange rates or any other reason, the Revolving Outstandings exceeds the Revolving Commitments, the Company shall immediately prepay Revolving Loans or Cash Collateralize the outstanding Letters of Credit, or do a combination of the foregoing, in an amount sufficient to eliminate such excess. If on any day the Administrative Agent or any Lender notifies the Company that the U.S. Dollar Equivalent of the aggregate principal amount of outstanding Revolving Loans denominated in an Alternative Currency exceeds an amount equal to 105% of the Alternative Currency Sublimit, within five (5) Business Days after receipt of such notice, the Company shall prepay Revolving Loans denominated in an Alternative Currency in an aggregate amount such that, after giving effect to such prepayments, the U.S. Dollar Equivalent of the aggregate principal amount of outstanding Revolving Loans denominated in an Alternative Currency does not exceed the Alternative Currency Sublimit.

### (b) 2019 Incremental Term Loans.

(i) Debt Issuances. The Company shall make a mandatory principal prepayment of the 2019 Incremental Term Loans in the manner set forth in Section 6.3(b) below in an amount equal to the aggregate Net Cash Proceeds from any Debt Issuance not otherwise permitted under this Agreement. Such prepayment shall be made within five (5) Business Days after the date of receipt of the Net Cash Proceeds of any such Debt Issuance.

(ii) Asset Dispositions and Insurance and Condemnation Events. The Company shall make a mandatory principal prepayment of the 2019 Incremental Term Loans in the manner set forth in Section 6.3(b) below in an amount equal to the aggregate Net Cash Proceeds from (A) any Asset Disposition or (B) any Insurance and Condemnation Event, to the extent that the aggregate amount of such Net Cash Proceeds, in the case of each of clauses (A) and (B), respectively, exceed \$300,000,000 for each individual or series of related Asset Dispositions and Insurance and Condemnation Event and \$500,000,000 in the aggregate during any Fiscal Year. Such prepayments shall be made within five (5) Business Days after the date of receipt of the Net Cash Proceeds; provided that, no

prepayment shall be required under this Section 6.2.2(b)(ii) with respect to such portion of such Net Cash Proceeds that the Company shall have, on or prior to such date given written notice to the Administrative Agent of its intent to reinvest in accordance with Section 6.2.2(b)(iii).

(iii) Reinvestment Option. With respect to any Net Cash Proceeds realized or received with respect to any Asset Disposition or any Insurance and Condemnation Event by any Loan Party or any Subsidiary thereof (in each case, to the extent not excluded pursuant to Section 6.2.2(b)(ii)), at the option of the Company, the Loan Parties or any Subsidiary thereof may reinvest all or any portion of such Net Cash Proceeds in assets used or useful for the business of the Loan Parties and their Subsidiaries within (x) 365 days following receipt of such Net Cash Proceeds or (y) if such Loan Party enters into a bona fide commitment to reinvest such Net Cash Proceeds within 365 days following receipt thereof, within 180 days after such initial 365 day period; provided that if any Net Cash Proceeds are no longer intended to be or cannot be so reinvested at any time after delivery of a notice of reinvestment election, an amount equal to any such Net Cash Proceeds shall be applied within five (5) Business Days after the applicable Loan Party reasonably determines that such Net Cash Proceeds are no longer intended to be or cannot be so reinvested to the prepayment of the Loans as set forth in this Section 6.2.2(b)(iii).

### 6.3 Manner of Prepayments.

- (a) Each voluntary partial prepayment shall be in a principal amount of the applicable Borrowing Minimum or a higher integral multiple of the applicable Borrowing Multiple. Any partial prepayment of a Borrowing of LIBOR Loans, EURIBOR Loans, CDOR Loans or BBR Loans shall be subject to Section 2.2.4(a). Any prepayment of a LIBOR Loan, EURIBOR Loan, CDOR Loan or BBR Loan on a day other than the last day of an Interest Period therefor shall include interest on the principal amount being repaid and shall be subject to Section 8.4. Except as otherwise provided by this Agreement, all principal payments in respect of (i) the Revolving Loans shall be applied first, to repay outstanding Swing Line Loans to the full extent thereof; second, to repay outstanding Base Rate Loans to the full extent thereof; and third, to repay outstanding LIBOR Loans, EURIBOR Loans, CDOR Loans and BBR Loans in direct order of Interest Period maturities and (ii) the 2019 Incremental Term Loans shall be applied first, to repay outstanding Base Rate Loans to the full extent thereof; and second, to repay outstanding LIBOR Loans in direct order of Interest Period maturities.
- (b) Upon the occurrence of any event triggering a mandatory prepayment requirement under Section 6.2.2(b) above, the Company shall promptly deliver notice thereof to the Administrative Agent and upon receipt of such notice, the Administrative Agent shall promptly so notify the applicable Lenders. Each mandatory prepayment of the 2019 Incremental Term Loans under this Section shall be applied to repay the outstanding 2019 Incremental Term Loans on a pro rata basis.
- (c) Amounts prepaid in respect of any 2019 Incremental Term Loans may not be reborrowed.

### 6.4 Repayments.

- (a) The Revolving Loans of each Lender shall be paid in full and the Revolving Commitment shall terminate on the Termination Date.
- (b) The 2019 Incremental Term Loans of each Lender shall be paid in full on the 2019 Incremental Term Loan Maturity Date.
- (c) The Company shall repay each Swing Line Loan on the earlier to occur of (i) the date five Business Days after such Loan is made and (ii) the Termination Date.
- (d) On or prior to the Termination Date, the Company shall terminate, Cash Collateralize or make such other arrangement as each applicable Issuing Lender shall reasonably agree with respect to each Letter of Credit that otherwise would remain outstanding as of the Termination Date.

## SECTION 7 MAKING AND PRORATION OF PAYMENTS; SETOFF; TAXES.

7.1 Making of Payments. All payments of principal or interest on Loans denominated in U.S. Dollars, and of all fees, shall be made by the Company to the Administrative Agent in U.S. Dollars or, in the case of Loan denominated in an Alternative Currency, in such Alternative Currency, in each case in same day funds, without defense, setoff or counterclaim, free of any restriction or condition, at the Principal Office designated by the Administrative Agent not later than 12:00 P.M., New York City time, on the date due; and funds received after that hour shall be deemed to have been received by the Administrative Agent on the following Business Day. The Administrative Agent shall promptly remit to each Lender its share of all such payments received in collected funds by the Administrative Agent for the account of such Lender. All payments under Section 8.1 shall be made by the Company directly to the Lender entitled thereto without setoff, counterclaim or other defense.

7.2 Application of Certain Payments. So long as no Unmatured Event of Default or Event of Default has occurred and is continuing, voluntary and mandatory prepayments shall be applied as set forth in Sections 6.2 and 6.3. After the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender shall be applied in the following order, and concurrently with each remittance to any Lender of its share of any such payment, the Administrative Agent shall advise such Lender as to the application of such payment: (i) first, to the payment of all fees, costs, expenses and indemnities of the Administrative Agent (in its capacity as such), including Attorney Costs, until paid in full; (ii) second, to the payment of all fees, costs, expenses and indemnities of the Lenders, pro-rata, until paid in full; (iii) third, to the payment of all of the Obligations consisting of accrued and unpaid interest owing to any Lender, pro-rata, until paid in full; (iv) fourth, to the payment of all Obligations consisting of principal owing to any Lender and unreimbursed disbursements under Letters of Credit owing to any Issuing Lender, pro-rata, until paid in full; (v) fifth, to the payment of the Administrative Agent an amount equal to all Obligations in respect of outstanding Letters of Credit to be held as cash collateral in respect of such obligations; (vi) sixth, to the payment of all other Obligations owing to each Lender, pro-rata, until paid in full; and (viii) seventh, to whomever may be lawfully entitled to receive such amounts, the amount of any remaining proceeds.

7.3 Due Date Extension. If any payment of principal or interest with respect to any of the Loans, or of any fees, falls due on a day which is not a Business Day, then such due date shall be extended to the immediately following Business Day (unless, in the case of a Eurocurrency Loan, a CDOR Loan or a BBR Loan, such immediately following Business Day is the first Business Day of a calendar month, in which case such due date shall be the immediately preceding Business Day) and, in the case of principal, additional interest shall accrue and be payable for the period of any such extension.

7.4 Setoff. The Company agrees that the Administrative Agent and each Lender have all rights of set-off and bankers' lien provided by applicable Law, in any currency, and in addition thereto, the Company agrees that at any time any Event of Default exists, the Administrative Agent and each Lender may apply to the payment of any Obligations of the Company hereunder, whether or not then due, any and all balances, credits, deposits, accounts or moneys of the Company then or thereafter with the Administrative Agent or such Lender.

7.5 Proration of Payments.

- (a) If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise, on account of (i) principal of or interest on any Loan, but excluding (x) any payment pursuant to Section 8.7 or 15.4 and (y) payments of interest on any Affected Loan) or (ii) its participation in any Letter of Credit or Swing Line Loans in excess of its applicable Pro Rata Share of payments and other recoveries obtained by all Lenders on account of principal of and interest on the Loans (or such participation) then held by them, then such Lender shall purchase from the other Lenders such participations in the Loans (or sub-participations in Letters of Credit) held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery.
- (b) All Loans shall be made, and all participations purchased, by Lenders simultaneously and proportionally to their respective Pro Rata Shares, it being understood that no Lender shall be responsible for any default by any other Lender in such other Lender's obligation to make a Loan requested hereunder or purchase a participation required hereby nor shall any Commitment of any Lender be increased or decreased as a result of a default by any other Lender in such other Lender's obligation to make a Loan requested hereunder or purchase a participation required hereby.

7.6 Taxes.

- (a) (i) To the extent permitted by applicable Law, all payments hereunder or under the Loan Documents (including any payment of principal, interest or fees) to, or for the benefit, of any person shall be made by the Company free and clear of and without deduction or withholding for, or account of, any Taxes or Other Taxes now or hereinafter imposed by any taxing authority.
- (ii) In addition, the Company shall pay any Other Taxes to the relevant taxing authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.
- (b) If the Company makes any payment hereunder or under any Loan Document in respect of which it is required by applicable Law to deduct or withhold any Taxes or Other Taxes, the Company shall increase the payment hereunder or under any such Loan Document such that after the reduction for the amount of Taxes or Other Taxes withheld (and any taxes withheld or imposed with respect to the additional payments required under this Section 7.6(b)), the amount paid to the Lenders or the Administrative Agent equals the amount that was payable hereunder or under any such Loan Document without regard to this Section 7.6(b). To the extent the Company withholds any Taxes or Other Taxes on payments hereunder or under any Loan Document, the Company shall pay the full amount deducted to the relevant taxing authority within the time allowed for payment under applicable Law and shall deliver to the Administrative Agent within thirty days after it has made payment to such authority a receipt issued by such authority (or other evidence satisfactory to the Administrative Agent) evidencing the payment of all amounts so required to be deducted or withheld from such payment.
- (c) If any Lender or the Administrative Agent is required by Law to make any payments of any Taxes or Other Taxes on or in relation to any amounts received or receivable hereunder or under any other Loan Document, or any Tax is assessed against a Lender or the Administrative Agent with respect to amounts received or receivable hereunder or under any other Loan Document, the Company will indemnify such person against (i) such Taxes or Other Taxes (and any reasonable expenses associated with such Tax) and (ii) any Taxes or Other Taxes imposed as a result of the receipt of the payment under this Section 7.6(c), whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by relevant taxing authority. A certificate prepared in good faith as to the amount of such payment by such Lender or the Administrative Agent shall, absent manifest error, be final, conclusive, and binding on all parties.
- (d) (i) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.
- (ii) Each Lender that is not a United States person within the meaning of Code Section 7701(a)(30) (a "Non-U.S. Participant") shall deliver to the Company and the Administrative Agent on or prior to the 2019 Restatement Effective Date (or in the case of a Lender that is an Assignee, on the date of such assignment to such Lender) two accurate and complete signed copies of IRS Form W-8BEN, W-8BEN-E, W-8ECL, or W-8IMY (or any successor or other applicable form prescribed by the IRS), as applicable, certifying to such Lender's entitlement to a complete exemption from, or a reduced rate in, United States withholding tax on interest payments to be made hereunder or any Loan. If a Lender that is a Non-U.S. Participant is claiming a complete exemption from withholding on interest pursuant to Code Sections 871(h) or 881(c), the Lender shall deliver (along with two accurate and complete signed copies of IRS Form W-8BEN, or W-8BEN-E, as applicable) a certificate in form and substance reasonably acceptable to the Company and the Administrative Agent (any such certificate, a "Withholding Certificate"). In addition, each Lender that is a Non-U.S. Participant agrees that from time to time after the 2019 Restatement Effective Date, (or in the case of a Lender that is an Assignee, after the date of the assignment to such Lender), when a lapse in time or a change in circumstances

renders the prior certificates hereunder obsolete or inaccurate, such Lender shall, to the extent permitted under applicable Law, deliver to the Company and the Administrative Agent two new and accurate and complete signed copies of IRS Form W-8BEN, W-8BEN-E, W-8ECL, or W-8IMY (or any successor or other applicable forms prescribed by the IRS), and if applicable, a new Withholding Certificate, to confirm or establish the entitlement of such Lender or the Administrative Agent to an exemption from, or reduction in, United States withholding tax on interest payments to be made hereunder or any Loan.

(iii) Each Lender that is not a Non-U.S. Participant shall provide two properly completed and duly executed copies of IRS Form W-9 (or any successor or other applicable form) to the Company and the Administrative Agent on or prior to the 2019 Restatement Effective Date (or in the case of a Lender that is an Assignee, on the date of such assignment to such Lender) certifying that such Lender is exempt from United States backup withholding tax. To the extent that a form provided pursuant to this Section 7.6(d)(iii) is rendered obsolete or inaccurate as result of a change in circumstances with respect to the status of a Lender, such Lender shall, to the extent permitted by applicable Law, deliver to the Company and the Administrative Agent revised forms necessary to confirm or establish the entitlement to such Lender's or Agent's exemption from United States backup withholding tax.

(iv) If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 7.6(d)(iv), "FATCA" shall include any amendments made to FATCA after the Original Effective Date.

(v) Each Lender agrees to indemnify and hold harmless (i) the Administrative Agent for and against the full amount of any and all present or future Taxes and related liabilities (including penalties, interest, additions to tax and expenses), any Taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this Section 7.6 which are imposed on or with respect to principal, interest or fees payable to such Lender hereunder and which are not paid by the Company pursuant to this Section 7.6, and (ii) the Administrative Agent for and against any Excluded Taxes attributable to such Lender that are payable or paid by the Administrative Agent in connection with any Loan Document, whether or not such Taxes, Excluded Taxes or related liabilities were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Administrative Agent makes written demand therefor.

(e) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any taxes as to which it has been indemnified pursuant to this Section 7.6 (including by the payment of additional amounts pursuant to this Section 7.6), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 7.6 with respect to the taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the indemnified party in a less favorable net after-tax position than the indemnified party would have been in if the tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such tax had never been paid. This paragraph shall not

be construed to require any indemnified party to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the indemnifying party or any other Person.

- (f) Each party's obligations under this Section 7.6 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

## **SECTION 8 INCREASED COSTS; SPECIAL PROVISIONS FOR EUROCURRENCY LOANS, CDOR LOANS AND BBR LOANS.**

### **8.1 Increased Costs.**

- (a) If, after the 2019 Restatement Effective Date, the adoption of, or any change in, any applicable Law, or any change in the interpretation or administration of any applicable Law by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency: (i) shall impose, modify or deem applicable any reserve (including any reserve imposed by the FRB), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Lender; (ii) shall impose on any Lender any other condition affecting its Eurocurrency Loans, CDOR Loans or BBR Loans, its Note or its obligation to make Eurocurrency Loans, CDOR Loans or BBR Loans or its participations in Letters of Credit or (iii) subject any Lender to any taxes (other than (A) Taxes on or in relation to any amounts received or receivable under Loan Documents, (B) Excluded Taxes and (C) Other Taxes) on its Loans, Loan principal, Letters of Credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; and the result of anything described in clauses (i), (ii) and (iii) above is to increase the cost to (or to impose a cost on) such Lender (or any lending office, as applicable, of such Lender) of making or maintaining any Eurocurrency Loan, CDOR Loan or BBR Loan, or to reduce the amount of any sum received or receivable by such Lender (or its lending office, as applicable) under this Agreement or under its Note with respect thereto, then upon demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to the Administrative Agent), the Company shall pay directly to such Lender such additional amount as will compensate such Lender for such increased cost or such reduction, so long as such amounts have accrued on or after the day which is 180 days prior to the date on which such Lender first made demand therefor.
- (b) If any Lender shall reasonably determine that any change in, or the adoption or phase-in of, any applicable Law regarding capital adequacy or liquidity, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or the compliance by any Lender or any Person controlling such Lender with any request or directive regarding capital adequacy or liquidity (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder or under any Letter of Credit to a level below that which such Lender or such controlling Person could have achieved but for such change, adoption, phase-in or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy and liquidity) by an amount deemed by such Lender or such controlling Person to be material, then from time to time, upon demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to the Administrative Agent), the Company shall pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction so long as such amounts have accrued on or after the day which is 180 days prior to the date on which such Lender first made demand therefor.

For purposes of this Section 8.1, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, regulations, orders, requests, guidelines or directives thereunder or issued in connection therewith and (b) all requests, rules, guidelines or directives promulgated by the Bank of International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case,



pursuant to Basel III, shall in each case be deemed to have been adopted and gone into effect after the 2019 Restatement Effective Date, regardless of the date enacted, adopted or issued.

8.2 Basis for Determining Interest Rate Inadequate or Unfair: Alternative Rate of Interest.

Unless and until a Replacement Rate is implemented in accordance with clause (b) below, in connection with any request for a LIBO Rate Loan, EURIBO Rate Loan, CDOR Rate Loan or BBR Loan or a conversion to or continuation thereof or otherwise,

(a) (i) the Administrative Agent reasonably determines (which determination shall be binding and conclusive on the Company) that by reason of circumstances affecting the interbank LIBOR market or any other applicable interbank market adequate and reasonable means do not exist for ascertaining the applicable LIBO Rate, EURIBO Rate, CDOR Rate or BB Rate, as applicable; or

(ii) the Required Lenders advise the Administrative Agent that the LIBO Rate, EURIBO Rate, CDOR Rate or BB Rate, as applicable, as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of maintaining or funding Eurocurrency Loans, CDOR Loans or BBR Loans, as applicable, for such Interest Period (taking into account any amount to which such Lenders may be entitled under Section 8.1) or that the making or funding of Eurocurrency Loans, CDOR Loans or BBR Loans has become impracticable as a result of an event occurring after the 2019 Restatement Effective Date which in the opinion of such Lenders materially affects such Loans;

then the Administrative Agent shall promptly notify the other parties thereof and, so long as such circumstances shall continue, (i) no Lender shall be under any obligation to make or convert any Base Rate Loans into LIBOR Loans and (ii) on the last day of the current Interest Period for each Eurocurrency Loan, CDOR Loan and BBR Loan, such Loan shall, unless then repaid in full, (i) in the case of Loans in U.S. Dollars, be automatically converted into Base Rate Loans on the last day of the then-current Interest Period with respect thereto and (ii) in the case of Loans in any Alternative Currency, at the option of the Company, either (x) be repaid on the last day of the then-current Interest Period with respect thereto or (y) be converted into Base Rate Loans denominated in U.S. Dollars on the last day of the then-current Interest Period with respect thereto, at the Spot Rate in effect on such day.

(b) Notwithstanding anything to the contrary in Section 8.2(a) above, if the Administrative Agent has made the determination (such determination to be conclusive absent manifest error) that (i) the circumstances described in Section 8.2(a)(i) or (a)(ii) have arisen and that such circumstances are unlikely to be temporary, (ii) any applicable interest rate specified herein is no longer a widely recognized benchmark rate for newly originated loans in the syndicated loan market in the applicable currency or (iii) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any Governmental Authority having, or purporting to have, jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the syndicated loan market in the applicable currency, then the Administrative Agent may, to the extent practicable (in consultation with the Company and as determined by the Administrative Agent to be generally in accordance with similar situations in other transactions in which it is serving as administrative agent or otherwise consistent with market practice generally), establish a replacement interest rate (the "Replacement Rate"), in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Documents unless and until (A) an event described in Section 8.2(b)(i), (b)(ii) or (b)(iii) occurs with respect to the Replacement Rate in which case the provisions of this Section 8.2(b) shall apply to the determination of a new Replacement Rate or (B) an event described in Section 8.2(a)(i) or (a)(ii) occurs with respect to the Replacement Rate or the Administrative Agent (or the Required Lenders through the Administrative Agent) notifies the Company that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding the Loans bearing interest at the Replacement Rate, in which case Section 8.2(a) shall apply as if references therein to LIBO, EURIBO, CDOR or BBR, as the case may be, shall be deemed to be the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Documents shall be amended solely with the consent of the Administrative Agent and the Company, as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 8.2(b). Notwithstanding anything to the contrary in this Agreement

or the other Loan Documents (including Section 15.1), such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the delivery of such amendment to the Lenders, written notices from such Lenders that in the aggregate constitute Required Lenders, with each such notice stating that such Lender objects to such amendment. To the extent the Replacement Rate is approved by the Administrative Agent in connection with this clause (b), the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Administrative Agent, such Replacement Rate shall be applied as otherwise reasonably determined by the Administrative Agent (it being understood that any such modification by the Administrative Agent shall not require the consent of, or consultation with, any of the Lenders); provided further that, if such Replacement Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

8.3 Changes in Law Rendering Eurocurrency Loans Unlawful. If any change in, or the adoption of any new, Law, or any change in the interpretation of any applicable Law by any Governmental Authority charged with the administration thereof, should make it (or in the good faith judgment of any Lender cause a substantial question as to whether it is) unlawful for any Lender to make, maintain or fund Eurocurrency Loans, then such Lender shall promptly notify each of the other parties hereto and, so long as such circumstances shall continue, (a) such Lender shall have no obligation to make Eurocurrency Loans or convert any Base Rate Loan into a LIBOR Loan (but shall make Base Rate Loans concurrently with the making of Eurocurrency Loans or conversion of Base Rate Loans into LIBOR Loans, by the Lenders which are not so affected, in each case in an amount equal to the amount of Eurocurrency Loans, as applicable, which would be made or converted into by such Lender at such time in the absence of such circumstances) and (b) on the last day of the current Interest Period for each Eurocurrency Loan, as applicable of such Lender (or, in any event, on such earlier date as may be required by the relevant Law or interpretation), such Eurocurrency Loan shall, unless then repaid in full, (i) in the case of Loans in U.S. Dollars, be automatically converted into Base Rate Loans on the last day of the then-current Interest Period with respect thereto and (ii) in the case of Loans in any Alternative Currency, at the option of the Company, either (x) be repaid on the last day of the then-current Interest Period with respect thereto or (y) be converted into Base Rate Loans denominated in U.S. Dollars on the last day of the then-current Interest Period with respect thereto, at the Spot Rate in effect on such day. Each Base Rate Loan made by a Lender which, but for the circumstances described in the foregoing sentence, would be a Eurocurrency Loan (an "Affected Loan") shall remain outstanding for the period corresponding to the Borrowing of Eurocurrency Loans of which such Affected Loan would be a part absent such circumstances.

8.4 Funding Losses. The Company hereby agrees that upon demand by any Lender (which demand shall be accompanied by a statement setting forth the basis for the amount being claimed, a copy of which shall be furnished to the Administrative Agent), the Company will indemnify such Lender against any net loss or expense which such Lender may sustain or incur (including any net loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain any Eurocurrency Loan, CDOR Loan or BBR Loan), as reasonably determined by such Lender, as a result of (a) any payment, prepayment or conversion of any Eurocurrency Loan, CDOR Loan or BBR Loan of such Lender on a date other than the last day of an Interest Period for such Loan (including any conversion pursuant to Section 8.3) or (b) any failure of the Company to borrow, convert or continue any Loan on a date specified therefor in a notice of borrowing, conversion or continuation pursuant to this Agreement. For this purpose, all notices to the Administrative Agent pursuant to this Agreement shall be deemed to be irrevocable.

8.5 Right of Lenders to Fund through Other Offices. Each Lender may, if it so elects, fulfill its commitment as to any Eurocurrency Loan, CDOR Loan or BBR Loan by causing a foreign branch or Affiliate of such Lender to make such Loan; provided that in such event for the purposes of this Agreement such Loan shall be deemed to have been made by such Lender and the obligation of the Company to repay such Loan shall nevertheless be to such Lender and shall be deemed held by it, to the extent of such Loan, for the account of such branch or Affiliate.

8.6 Discretion of Lenders as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Lender had actually funded and maintained each Eurocurrency Loan during each Interest Period for such Loan through the purchase of deposits having a maturity corresponding to such Interest Period and bearing an interest rate equal to the LIBO Rate or EURIBO Rate, as applicable, for such Interest Period.

8.7 Mitigation of Circumstances; Replacement of Lenders.

- (a) Each Lender shall promptly notify the Company and the Administrative Agent of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's sole judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation by the Company to pay any amount pursuant to Section 7.6 or 8.1 or (ii) the occurrence of any circumstances described in Section 8.2 or 8.3 (and, if any Lender has given notice of any such event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Lender shall promptly so notify the Company and the Administrative Agent). Without limiting the foregoing, each Lender will designate a different funding office if such designation will avoid (or reduce the cost to the Company of) any event described in clause (i) or (ii) above and such designation will not, in such Lender's sole judgment, be otherwise disadvantageous to such Lender.
- (b) If the Company becomes obligated to pay additional amounts to any Lender pursuant to Section 7.6 or 8.1, or any Lender gives notice of the occurrence of any circumstances described in Section 8.2 or 8.3, the Company may designate another bank which is acceptable to the Administrative Agent and each Issuing Lender in their reasonable discretion (such other bank being called a "Replacement Lender") to purchase the Loans of such Lender and such Lender's rights hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender plus any accrued but unpaid interest on such Loans and all accrued but unpaid fees owed to such Lender and any other amounts payable to such Lender under this Agreement, and to assume all the obligations of such Lender hereunder provided (i) in the case of any assignment resulting from a claim for payment under Section 7.6 or 8.1, such assignment will result in a reduction in such payments, (ii) such assignment does not conflict with applicable law and (iii) in the case of any assignment resulting from a Lender becoming a non-consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent. Upon such purchase and assumption (pursuant to an Assignment Agreement), such Lender shall no longer be a party hereto or have any rights hereunder (other than rights with respect to indemnities and similar rights applicable to such Lender prior to the date of such purchase and assumption) and shall be relieved from all obligations to the Company hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender hereunder.

8.8 Conclusiveness of Statements. Determinations and statements of any Lender or the Administrative Agent pursuant to Section 8.1, 8.2, 8.3 or 8.4 shall be conclusive absent demonstrable error. Lenders may use reasonable averaging and attribution methods in determining compensation under Sections 8.1 and 8.4.

**SECTION 9 REPRESENTATIONS AND WARRANTIES.**

To induce the Administrative Agent and the Lenders to enter into this Agreement and to induce the Lenders to make Loans and issue and participate in Letters of Credit and Swing Line Loans hereunder, the Company represents and warrants to the Administrative Agent and the Lenders that:

9.1 Organization. (a) Each Loan Party is validly existing and, to the extent such concept is applicable in the relevant jurisdiction, in good standing under the Laws of its jurisdiction of organization; and (b) each Loan Party is duly qualified to do business in each jurisdiction where, because of the nature of its activities or properties, such qualification is required, except for such jurisdictions where the failure to so qualify would not have a Material Adverse Effect.

9.2 Authorization; No Conflict. (a) The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party has been duly authorized by all necessary action on the part of each Loan Party that is party thereto and each such Loan Document has been duly executed and delivered by each such Loan Party party thereto. (b) The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party, and the borrowings by the Company hereunder, do not and will not (i) require any consent or approval of, filing with or notice to, any Governmental Authority or any other Person (other than any consent or approval which has been obtained or filing or notice which has been made, and, in each case, which is in full force and effect), (ii) conflict with (A) any provision of Law, (B) the charter, by-laws or other organizational documents of any Loan Party or (C) any agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding upon any Loan Party or any of their respective properties, except with respect to clauses (A) or (C)

to the extent such conflict would not have a Material Adverse Effect or (iii) require, or result in, the creation or imposition of any Lien on any asset of any Loan Party.

9.3 Validity and Binding Nature. Each of this Agreement and each other Loan Document to which any Loan Party is a party is the legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, subject to bankruptcy, insolvency and similar Laws affecting the enforceability of creditors' rights generally and to general principles of equity.

9.4 [Reserved].

9.5 No Material Adverse Change. Since December 31, 2018, there has been no event or condition that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

9.6 Litigation and Guarantee Obligations. No litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to the Company's knowledge, threatened against any Loan Party which might reasonably be expected to have a Material Adverse Effect. No Loan Party has any Guarantee Obligations not listed on Schedule 9.6 or permitted by Section 11.1.

9.7 Ownership of Properties; Liens. Except as identified on Schedule 1.1(c), each Loan Party owns good and, in the case of real property, marketable title to all of the properties and assets, real and personal, tangible and intangible, of any nature whatsoever which are material to its business (including patents, trademarks, trade names, service marks and copyrights) which it purports to own or which are reflected in its financial statements (except for personal property sold in the ordinary course of business after the date of such financial statements), free and clear of all Liens, charges and claims (including pending or, to the best of the Company's knowledge, threatened infringement claims with respect to patents, trademarks, service marks, copyrights and the like) except as permitted by Section 11.2.

9.8 Equity Ownership; Subsidiaries. All issued and outstanding Capital Securities of each Subsidiary of the Company that is a Loan Party and each Centene Plaza Subsidiary are duly authorized and validly issued, fully paid, non-assessable, and free and clear of all Liens, and such securities were issued in compliance with all applicable state and Federal Laws concerning the issuance of securities. Schedule 9.8 describes each Subsidiary of the Company and each Subsidiary of each Loan Party as of the 2019 Restatement Effective Date and identifies the ownership of each Subsidiary. As of the 2019 Restatement Effective Date, except as identified on Schedule 9.8, the Company has no Subsidiaries that are not Wholly-Owned Subsidiaries. As of the 2019 Restatement Effective Date, except as identified on Schedule 9.8, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights or other similar agreements or understandings for the purchase or acquisition of any Capital Securities of any Subsidiary of the Company that is a Loan Party.

9.9 Pension Plans.

- (a) The Unfunded Liability of all Pension Plans does not in the aggregate exceed 20% of the Total Plan Liability for all such Pension Plans. Each Pension Plan complies in all material respects with all applicable requirements of Law and regulations. No failure to make contributions under Section 412 of the Code, Section 302 of ERISA or the terms of any Pension Plan has occurred with respect to any Pension Plan, sufficient to give rise to a Lien under Section 303(k) of ERISA, or otherwise to have a Material Adverse Effect. There are no pending or, to the knowledge of the Company, threatened, claims, actions, investigations or lawsuits against any Pension Plan, any fiduciary of any Pension Plan, or the Company or other any member of the Controlled Group with respect to a Pension Plan or a Multiemployer Pension Plan which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any other member of the Controlled Group has engaged in any prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) in connection with any Pension Plan or Multiemployer Pension Plan which would subject that Person to any material liability. Within the past five years, neither the Company nor any other member of the Controlled Group has engaged in a transaction which resulted in a Pension Plan with an Unfunded Liability being transferred out of the Controlled Group, which could reasonably be expected to have a Material Adverse Effect. No Termination Event has occurred or is reasonably expected to occur which could reasonably be expected to have a Material Adverse Effect.

(b) All contributions (if any) have been made to any Multiemployer Pension Plan that are required to be made by the Company or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable Law; neither the Company nor any other member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Pension Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan; and neither the Company nor any other member of the Controlled Group has received any notice that any Multiemployer Pension Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA), that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

9.10 Investment Company Act. No Loan Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company," within the meaning of the Investment Company Act of 1940.

9.11 Regulation U, T, and X. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock. None of the proceeds of any Loans will be used for any purpose which violates or which would be inconsistent with, the provisions of Regulation U, Regulation T or Regulation X.

9.12 Taxes. Each Loan Party has timely filed all Tax returns and reports required by Law to have been filed by it and has paid all Taxes and governmental charges due and payable with respect to such return, except any such Taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or where the failure to file could not reasonably be expected to have a Material Adverse Effect. The Loan Parties have made adequate reserves on their books and records in accordance with GAAP for all Taxes that have accrued but which are not yet due and payable. No Loan Party has participated in any transaction that relates to a year of the taxpayer (which is still open under the applicable statute of limitations) which is a "listed transaction" within the meaning of Section 6707A(c)(2) of the Code and Treasury Regulation Section 1.6011-4(b)(2) (irrespective of the date when the transaction was entered into).

9.13 Solvency, etc. (a) On the 2019 Second Restatement Effective Date and (b) immediately prior to and after giving effect to the issuance of each Letter of Credit and each borrowing hereunder and the use of the proceeds thereof on such date, the Company and the other Loan Parties on a consolidated basis, are Solvent.

9.14 Environmental Matters. Each Loan Party complies and at all times has complied with all Environmental Laws, except such non-compliance which could not (if enforced in accordance with applicable Law) reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. Each Loan Party has obtained, and maintained in good standing, all licenses, permits, authorizations, registrations and other approvals required under any Environmental Law for their respective operations, and for their reasonably anticipated future operations, and each Loan Party is in compliance with all terms and conditions thereof, except where the failure to do so could not reasonably be expected to result in material liability to any Loan Party, or, either individually or in the aggregate, in a Material Adverse Effect. No Loan Party and no properties or operations of any Loan Party is subject to, and no Loan Party reasonably anticipates the issuance of, any written order from or agreement with any Governmental Authority, and no Loan Party and no properties or operations of any Loan Party is subject to any pending, or to the Company's knowledge threatened litigation, arbitration, investigation or other proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Substance, except with respect to orders, agreements, litigation, arbitration, investigations or other proceedings that could not reasonably be expected to result in material liability to any Loan Party, or, either individually or in the aggregate, in a Material Adverse Effect. There are no Hazardous Substances or other environmental conditions or circumstances existing with respect to any property currently owned, leased or operated by any Loan Party or, to the Company's knowledge, any other location (including any site at which the Company has disposed or arranged for the disposal of Hazardous Substances) or relating to any release or threatened release of any Hazardous Substance, which would reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect.

9.15 Insurance. Set forth on Schedule 9.15 is a complete and accurate summary of the property and casualty insurance program of the Loan Parties as of the 2019 Restatement Effective Date (including the names of all insurers,

policy numbers, expiration dates, amounts and types of coverage, deductibles and self-insured retention). Each Loan Party and its properties are insured with financially sound and reputable insurance companies which are not Affiliates of the Loan Parties, in such amounts (after giving effect to self-insurance), with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Loan Parties operate.

9.16 Real Property. Set forth on Schedule 9.16 is a complete and accurate list, as of the 2019 Restatement Effective Date, of the addresses of all real property owned by any Loan Party.

9.17 Information. All information heretofore or contemporaneously herewith furnished in writing by any Loan Party to the Administrative Agent or any Lender for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender pursuant hereto or in connection herewith (in each case, other than projections, other forward-looking information and information of a general economic or general industry nature) will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in light of the circumstances under which made. All financial projections concerning the Company and the other Loan Parties heretofore or contemporaneously herewith furnished in writing by any Loan Party to the Administrative Agent or any Lender for purposes of or in connection with this Agreement and the transactions contemplated hereby are, and all such financial projections hereafter furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender pursuant hereto or in connection herewith will be, prepared in good faith with a reasonable basis for the assumptions and the conclusions reached therein and on a basis consistent with the Company's historical financial data (it being recognized by the Administrative Agent and the Lenders that (w) financial projections are as to future events and are not to be viewed as facts, (x) financial projections are subject to significant uncertainties and contingencies, many of which are beyond any Loan Parties' control, (y) no assurance can be given that any particular financial projections will be realized and (z) actual results during the period or periods covered by any such financial projections may differ significantly from the projected results and such differences may be material).

9.18 Intellectual Property. Each Loan Party owns and possesses or has a license or other right to use all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, copyrights, license and other intellectual property rights as are necessary for the conduct of the businesses of the Loan Parties, and does not infringe upon any rights of any other Person which could reasonably be expected to have a Material Adverse Effect.

9.19 Labor Matters. Except as set forth on Schedule 9.19, no Loan Party is subject to any labor or collective bargaining agreement. There are no existing or, to the Company's knowledge, threatened strikes, lockouts or other labor disputes involving any Loan Party that singly or in the aggregate could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of the Loan Parties are not in violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters except any violation which could not reasonably be expected to have a Material Adverse Effect.

9.20 No Default. No Event of Default or Unmatured Event of Default exists or would result from the incurrence by any Loan Party of any Debt hereunder or under any other Loan Document.

9.21 Material Licenses. All Material Licenses have been obtained or exist for each Loan Party.

9.22 Compliance with Material Laws. To the Company's knowledge, each Loan Party is in compliance with all Material Laws. Without limiting the generality of the foregoing, the operations and employee compensation practices of every Loan Party comply in all material respects with all applicable Material Laws.

9.23 Subordinated Debt. The subordination provisions of the Subordinated Debt (if any) are enforceable against the holders of the Subordinated Debt by the Administrative Agent and the Lenders. All Obligations constitute Debt which is senior to the Subordinated Debt and entitled to the benefits of the subordination provisions contained in the Subordinated Debt Documents, if any.

9.24 Charitable Foundations. Each of the Charitable Foundations is a Missouri nonprofit corporation which has applied for exemption, or is exempt, from taxation pursuant to Section 501(c)(3) of the Code.

- (a) PATRIOT Act. To the extent applicable, each of the Company and its Subsidiaries and Unrestricted Subsidiaries is in compliance in all material respects with the Patriot Act.
- (b) Other Laws. The Company and its Subsidiaries and Unrestricted Subsidiaries are in compliance, in all material respects, with Anti-Corruption Laws, including, for the avoidance of doubt, the United States Foreign Corrupt Practices Act of 1977, as amended (the "FCPA") and the UK Bribery Act 2010.
- (c) Sanctions. The Company has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance by the Company and its Subsidiaries and Unrestricted Subsidiaries and their respective directors and officers, and to the knowledge of the Company, their respective employees with Anti-Corruption Laws and applicable Sanctions, and the Company and its Subsidiaries and Unrestricted Subsidiaries and, to the knowledge of the Company, their respective officers, employees and directors, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in any Loan Party being designated as a Sanctioned Person. None of the Company or its Subsidiaries and Unrestricted Subsidiaries or, to the knowledge of Company or such Subsidiary or Unrestricted Subsidiary, any of their respective directors, officers, employees or agents is a Sanctioned Person. No Loan or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any applicable Sanctions.
- (d) Use of Proceeds. No part of the proceeds of the Loans or Letters of Credit will be used by the Company or its Subsidiaries or Unrestricted Subsidiaries, directly or, to the knowledge of the Company, indirectly, (i) for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of Anti-Corruption Laws, (ii) in violation of Sanctions or (iii) in violation of Anti-Corruption Laws or other applicable anti-terrorism Laws and anti-money laundering Laws, including, for the avoidance of doubt, the Patriot Act.

#### **SECTION 10 AFFIRMATIVE COVENANTS.**

From and after the 2019 Restatement Effective Date and until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full (other than contingent amounts not yet due) and all Letters of Credit have been terminated, expired or Cash Collateralized, the Company agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

10.1 Reports, Certificates and Other Information. Furnish to the Administrative Agent and each Lender:

- 10.1.1 Annual Report. Promptly when available and in any event within ninety days after the end of each Fiscal Year a copy of the annual audit report of the Company and its Subsidiaries for such Fiscal Year, including therein consolidated balance sheets and statements of earnings and cash flows of the Company and its Subsidiaries as at the end of such Fiscal Year, certified without adverse reference to going concern value and without qualification by independent auditors of recognized standing selected by the Company, together with a written statement from such accountants to the effect that in making the examination necessary for the signing of such annual audit report by such accountants, nothing came to their attention that caused them to believe that the Company was not in compliance with any provision of Section 11.1, 11.3 or 11.12 of this Agreement insofar as such provision relates to accounting matters or, if something has come to their attention that caused them to believe that the Company was not in compliance with any such provision, describing such non-compliance in reasonable detail; provided that the Company shall be deemed to have delivered and certified the information required in this Section 10.1.1 to the extent, and on the date, that such information is posted at the Company's website on the internet at [www.centene.com](http://www.centene.com), at [www.sec.gov](http://www.sec.gov), or at such other website identified by the Company, in all cases so long as (i) such website is accessible by the Administrative Agent and the Lenders without charge and (ii) the Company shall promptly deliver paper copies of any such information to the Administrative Agent or any of the Lenders upon request.

10.1.2 Interim Reports. Promptly when available and in any event within forty-five days after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter of each Fiscal Year), consolidated balance sheets of the

Company and its Subsidiaries as of the end of such Fiscal Quarter, together with consolidated and consolidating statements of earnings and consolidated statements of cash flows for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter, certified by a Senior Officer of the Company; provided that the Company shall be deemed to have delivered and certified the information required in this Section 10.1.2 to the extent, and on the date, that such information is posted at the Company's website on the internet at www.centene.com, at www.sec.gov, or at such other website identified by the Company, in all cases so long as (i) such website is accessible by the Administrative Agent and the Lenders without charge and (ii) the Company shall promptly deliver paper copies of any such information to the Administrative Agent or any of the Lenders upon request.

10.1.3 Compliance Certificates. On or prior to the date that each annual audit report is required to be furnished pursuant to Section 10.1.1 and each set of quarterly statements is required to be furnished pursuant to Section 10.1.2, a duly completed compliance certificate in the form of Exhibit B, with appropriate insertions, dated the date of such annual report or such quarterly statements and signed by a Senior Officer of the Company, containing (i) a certification of such Senior Officer that the financial statements accompanying such compliance certificate have been prepared in accordance with GAAP applied consistently throughout the periods covered thereby and with prior periods (except as disclosed therein), (ii) a computation of each of the financial ratios and restrictions set forth in Section 11.12 and to the effect that such officer has not become aware of any Event of Default or Unmatured Event of Default that has occurred and is continuing or, if there is any such event, describing it and the steps, if any, being taken to cure it, (iii) to the extent the Company shall cease to file regular, periodic reports with the SEC, a written statement of the Company's management setting forth a discussion of the Company's financial condition, changes in financial condition and results of operations and (iv) at any time when there are any Unrestricted Subsidiaries, a completed Unrestricted Subsidiary Reconciliation Statement signed by a Senior Officer of the Company stating that such reconciliation statement accurately reflects all adjustments necessary to treat the Unrestricted Subsidiaries as if they were not consolidated with the Company and to otherwise eliminate all accounts of the Unrestricted Subsidiaries and reflects no other adjustment from the related GAAP financial statement (except as otherwise disclosed in such reconciliation statement). The computations in each Compliance Certificate shall be made after giving effect to the Centene Plaza Subsidiary Exclusion, and shall demonstrate the calculation of the Centene Plaza Subsidiary Exclusion and the effect thereof on Company's financial statements in form and detail satisfactory to the Administrative Agent.

10.1.4 Reports to the SEC and to Shareholders. Promptly upon the filing or sending thereof, copies of all regular, periodic or special reports of any Loan Party filed with the SEC; copies of all registration statements of any Loan Party filed with the SEC (other than on Form S-8); and copies of all proxy statements or other communications made to security holders generally; provided that the Company shall be deemed to have delivered and certified the information required in this Section 10.1.4 to the extent, and on the date, that such information is posted at the Company's website on the internet at www.centene.com, at www.sec.gov, or at such other website identified by the Company, in all cases so long as (i) such website is accessible by the Administrative Agent and the Lenders without charge and (ii) the Company shall promptly deliver paper copies of any such information to the Administrative Agent or any of the Lenders upon request.

10.1.5 Notice of Default and Litigation Matters. Promptly upon a Senior Officer of any Loan Party becoming aware of any of the following, written notice describing the same and the steps being taken by the Company or the Subsidiary affected thereby with respect thereto:

- (a) the occurrence of an Event of Default or an Unmatured Event of Default;
- (b) any litigation, arbitration, investigation or proceeding not previously disclosed by the Company to the Lenders which has been instituted or, to the knowledge of the Company, is threatened against the Company or any of its Subsidiaries or to which any of the properties of any thereof is subject which might reasonably be expected to have a Material Adverse Effect;
- (c) any violation by any Loan Party of the minimum statutory net worth requirements imposed by any Governmental Authority to which such Loan Party is subject; and



(d) any other event (including (i) any violation of any Environmental Law or the assertion of any Environmental Claim or (ii) the enactment or effectiveness of any Law) which might reasonably be expected to have a Material Adverse Effect.

10.1.6 Budgets. As soon as practicable, and in any event not later than sixty days after the commencement of each Fiscal Year, a budget for such Fiscal Year for the Company and its Subsidiaries in form and detail satisfactory to the Administrative Agent. The budget shall be presented both before and after giving effect to the Centene Plaza Subsidiary Exclusion.

10.1.7 Unrestricted Subsidiaries. Substantially contemporaneously with each designation of a Subsidiary as an "Unrestricted Subsidiary" and each redesignation of an Unrestricted Subsidiary as a "Subsidiary", written notice of such designation or redesignation, as applicable.

10.1.8 Other Information. Promptly from time to time, such other information concerning the Company or any of its Subsidiaries as any Lender or the Administrative Agent may reasonably request including any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

10.2 Books, Records and Inspections. Keep, and cause each other Loan Party to keep, its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; permit, and cause each other Loan Party to permit, any Lender or the Administrative Agent or any representative thereof, after reasonable notice (or at any time without notice if an Event of Default exists), to inspect the properties and operations of the Loan Parties; and permit, and cause each other Loan Party to permit, at any reasonable time and with reasonable notice (or at any time without notice if an Event of Default exists), any Lender or the Administrative Agent or any representative thereof to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and the Company hereby authorizes such independent auditors to discuss such financial matters with any Lender or the Administrative Agent or any representative thereof), and to examine (and, at the expense of the Loan Parties, photocopy extracts from) any of its books or other records; and permit, and cause each other Loan Party to permit, the Administrative Agent and its representatives to inspect, after reasonable notice (or at any time without notice if an Event of Default exists) the tangible assets of the Loan Parties, to perform appraisals, and to inspect, audit, check and make copies of and extracts from the books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data relating to the Loan Parties. All such inspections or audits by the Administrative Agent shall be at the Company's expense, provided that so long as no Event of Default or Unmatured Event of Default exists, the Company shall not be required to reimburse the Administrative Agent for inspections or audits more frequently than once each Fiscal Year. Notwithstanding anything to the contrary in this Section 10.2, none of the Company or the Loan Parties will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (a) constitutes non-financial trade secrets or non-financial proprietary information, (b) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by law or any binding agreement or (c) is subject to attorney-client or similar privilege or constitutes attorney work product.

10.3 Maintenance of Property; Insurance.

(a) Keep, and cause each other Loan Party to keep, all property useful and necessary in the business of the Loan Parties in good working order and condition, ordinary wear and tear excepted.

(b) Maintain, and cause each other Loan Party to maintain, with responsible insurance companies, such insurance coverage as may be required by any Law or court decree or order applicable to it and such other insurance, to such extent and against such hazards and liabilities, as is customarily maintained by companies similarly situated.

10.4 Compliance with Laws; Payment of Taxes and Liabilities. (a) Comply, and cause each other Loan Party to comply with all applicable Laws (including Environmental Laws), except where failure to comply could not reasonably be expected to have a Material Adverse Effect; (b) without limiting clause (a) above, comply, and cause each other Subsidiary and Unrestricted Subsidiary to comply, with all applicable Bank Secrecy Act ("BSA") and anti-money laundering Laws, (c) maintain in effect and enforce policies and procedures reasonably designed to ensure compliance by the Company and its Subsidiaries and Unrestricted Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions and (e) pay, and cause each other Loan Party to pay, prior to delinquency, all Taxes and other governmental charges against it, as well as claims of any kind which, if unpaid, could

become a Lien on any of its property; provided that the foregoing shall not require any Loan Party to pay any such Tax or charge so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto in accordance with GAAP.

10.5 Maintenance of Existence, Material Licenses, etc. Maintain and preserve, and (subject to Section 11.4) cause each other Loan Party to maintain and preserve, (a) to the extent such concept is applicable in the relevant jurisdiction, its existence and good standing in the jurisdiction of its organization, and its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary (other than such jurisdictions in which the failure to be qualified or in good standing could not reasonably be expected to have a Material Adverse Effect), and (b) all Material Licenses of such Loan Party.

10.6 Use of Proceeds. Use the proceeds of (a) the Revolving Loans and the Letters of Credit to (i) finance ongoing working capital requirements and for other general corporate purposes of the Company and its subsidiaries, (ii) pay acquisition consideration in connection with the Wellington Acquisition, (iii) prepay existing indebtedness of Wellington and its subsidiaries, (iv) pay consent fees, if any, in connection with the Wellington Consent Solicitation and (v) pay Wellington Transaction Costs and (b) the 2019 Incremental Term Loans to (i) redeem or otherwise refinance the 2021 Senior Notes, (ii) pay fees and expenses in connection therewith and (iii) to the extent of any remaining proceeds, for general corporate purposes; and not use or permit any proceeds of any Loan to be used, either directly or, to the knowledge of the Company, indirectly, (a) for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any Margin Stock or (b)(i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country in violation of Sanctions or (iii) in any other manner that would result in the violation of any Sanctions applicable to any party hereto.

10.7 Employee Benefit Plans.

- (a) Maintain, and cause each other member of the Controlled Group to maintain, each Pension Plan in substantial compliance with all applicable requirements of Law and regulations.
- (b) Make, and cause each other member of the Controlled Group to make, on a timely basis, all required contributions to any Pension Plan or Multiemployer Pension Plan.
- (c) Not, and not permit any other member of the Controlled Group to (i) seek a waiver of the minimum funding standards of ERISA, (ii) terminate or withdraw from any Pension Plan or Multiemployer Pension Plan or (iii) take any other action with respect to any Pension Plan that would reasonably be expected to entitle the PBGC to terminate, impose liability in respect of, or cause a trustee to be appointed to administer, any Pension Plan, unless the actions or events described in clauses (a), (b) and (c) individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

10.8 Environmental Matters. If any release or threatened release of Hazardous Substances shall occur or shall have occurred on any real property or any other assets of any Loan Party for which the Company could be held liable pursuant to applicable Environmental Law, the Company shall, or shall cause the applicable Loan Party or shall make commercially reasonable efforts to cause the other responsible party to, undertake the prompt containment and removal of such Hazardous Substances and the remediation of such real property or other assets as necessary to comply with all Environmental Laws and to preserve the value of such real property or other assets except to the extent such non-compliance would not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, the Company shall, and shall cause each other Loan Party or shall make commercially reasonable efforts to cause the other responsible party to, comply with any all requirements of any Governmental Authority relating to the performance of activities in response to the release or threatened release of a Hazardous Substance except to the extent such non-compliance would not reasonably be expected to have a Material Adverse Effect.

10.9 Credit Ratings. At all times use commercially reasonable efforts to maintain a public corporate credit rating from S&P and a public corporate family rating from Moody's, in each case in respect of the Company.

10.10 Designation of Restricted and Unrestricted Subsidiaries. The Company may at any time after the 2019 Restatement Effective Date designate any Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a "Subsidiary"; provided that (a) immediately before and after such designation, no Unmatured Event of Default or

Event of Default shall have occurred and be continuing or would result from such designation, (b) immediately after giving effect to such designation, the Company shall be in compliance on a pro forma basis with the covenants set forth in Section 11.12 (giving effect, if applicable, to the provisos thereto) recomputed as of the last day of the most recently ended Fiscal Quarter of the Company in respect of which financial statements have been delivered under Section 10.1.1 or 10.1.2, and the Company shall have delivered to the Administrative Agent a certificate of a Senior Officer setting forth reasonably detailed calculations demonstrating compliance with this clause (b), and (c) no Subsidiary may be designated as an Unrestricted Subsidiary if it is a "restricted subsidiary" or a "guarantor" (or any similar designation) for any Material Debt. The designation of any Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by the parent company of such Subsidiary therein under Section 11.9 at the date of designation in an amount equal to the net book value of such parent company's investment therein. The designation of any Unrestricted Subsidiary as a "restricted subsidiary" shall constitute the incurrence at the time of designation of any Debt or Liens of such Subsidiary, and the making of an Investment by such Subsidiary in any Investments of such Subsidiary, in each case existing at such time.

#### SECTION 11 NEGATIVE COVENANTS.

From and after the 2019 Restatement Effective Date and until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full (other than contingent amounts not yet due) and all Letters of Credit have been terminated, expired or Cash Collateralized, the Company agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

11.1 Debt. Not, and not permit any other Loan Party to, create, incur, assume or suffer to exist any Debt, except:

- (a) Obligations under this Agreement and the other Loan Documents (including, for the avoidance of doubt, the 2019 Incremental Term Loans);
- (b) Real Estate Debt, together with any Debt of any Centene Plaza Subsidiary (including Centene Plaza Debt), the aggregate amount of which at any one time outstanding when taken together with any Investments made pursuant to Section 11.9(a)(iv), does not exceed an amount equal to 90% of the amount of the fair market value of the property securing such Real Estate Debt;
- (c) Debt which is unsecured; provided that (i) after giving effect thereto on a pro forma basis, the Company and the other Loan Parties shall be in compliance with a Total Debt to EBITDA Ratio not greater than the applicable ratio set forth in Section 11.12.2 (giving effect, if applicable, to the provisos thereto) as of the last day of the most recently ended Computation Period, (ii) no Unmatured Event of Default or Event of Default shall have occurred and be continuing on the date of incurrence of such Debt or could reasonably be expected to occur as a result thereof, (iii) the documents governing such Debt do not contain covenants (including quantitative covenants and financial covenants) which are, taken as a whole, more restrictive in any material respect than the covenants contained in this Agreement (other than covenants or other provisions (i) applicable only to periods after the Latest Maturity Date or (ii) made applicable to this Agreement), (iv) the final maturity of such Debt shall be no earlier than ninety days after the Latest Maturity Date and (v) the weighted average life to maturity of such Debt shall not be shorter than the weighted average life to maturity of any Loans or Commitments outstanding as of the time of the issuance thereof; provided that clauses (iii), (iv) and (v) shall not apply to any bridge facility on customary terms if the long-term indebtedness that such bridge facility is to be converted into satisfies such clauses.
- (d) Subordinated Debt which is unsecured; provided that (i) after giving effect thereto on a pro forma basis, the Company and the other Loan Parties shall be in compliance with a Total Debt to EBITDA Ratio not greater than the applicable ratio set forth in Section 11.12.2 (giving effect, if applicable, to the provisos thereto) as of the last day of the most recently ended Computation Period, (ii) no Unmatured Event of Default or Event of Default shall have occurred and be continuing on the date of incurrence of such Debt or could reasonably be expected to occur as a result thereof, (iii) the documents governing such Subordinated Debt shall not contain covenants (including quantitative covenants and financial covenants) which are more restrictive in any material respect, taken as a whole, than the covenants contained in this Agreement (other than covenants or other provisions (i) applicable only to periods after the Latest Maturity Date or (ii) made applicable to this Agreement), (iv) the final maturity of such Subordinated Debt shall be no earlier than ninety days after the Latest Maturity Date and (v) the weighted

average life to maturity of such Subordinated Debt shall not be shorter than the weighted average life to maturity of any Loans or Commitments outstanding as of the time of the issuance thereof;

- (e) Hedging Obligations incurred for bona fide hedging purposes and not for speculation and Debt incurred in the ordinary course of business in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;
- (f) (i) the 2021 Senior Notes, the 2022 Senior Notes, the 2024 Senior Notes, the 2025 Senior Notes and the 2026 Senior Notes outstanding on the 2019 Restatement Effective Date, (ii) the Existing Wellington Notes, the New Senior Notes and the Bridge Loans; provided that the aggregate principal amount at any one time outstanding under this clause (ii) shall not exceed \$8,350,000,000 in the aggregate, and (iii) Debt described on Schedule 11.1;
- (g) Debt under Capital Leases for capital assets or purchase money Debt whose aggregate cost if purchased would not exceed 1.50% of Consolidated Total Assets at the time of incurrence;
- (h) Guarantee Obligations of the Company which do not exceed \$500,000,000 in the aggregate at any time outstanding;
- (i) Guarantee Obligations arising with respect to customary indemnification obligations in favor of sellers, adjustment of purchase price or similar obligations or from guaranties or letters of credit, surety bonds, performance bonds or similar obligations securing the performance of the Company or any Loan Party pursuant to such agreements, in each case in connection with Acquisitions permitted under Section 11.4 and purchasers in connection with dispositions permitted under Section 11.4;
- (j) Guarantee Obligations arising with respect to guaranties (which may include payment obligations) provided by a Loan Party on behalf of another Loan Party in the ordinary course of business;
- (k) (i) Debt of any Loan Party to the Company which results from an Investment made by the Company in such Loan Party pursuant to, and permitted by, Section 11.9(b) and (ii) Debt of any Loan Party to another Loan Party which results from an Investment made by such Loan Party in such other Loan Party pursuant to, and permitted by Section 11.9(a)(i);
- (l) Debt in respect of Outside Letters of Credit in an aggregate principal amount not to exceed \$500,000,000;
- (m) Debt of the Company or any other Loan Party (excluding Guarantee Obligations) in an aggregate amount at any one time outstanding not to exceed 3.00% of Consolidated Total Assets at the time of incurrence;
- (n) assumed Debt of any Person that becomes a Loan Party after the 2019 Restatement Effective Date; provided that (i) on a pro forma basis after giving effect to the incurrence of such Debt, the Company will be in compliance with the financial covenant in Section 11.12.2 (giving effect, if applicable, to the provisos thereto) as of the last day of the most recently ended Computation Period, (ii) such Debt exists at the time such Person becomes a Loan Party and is not created in contemplation or in connection with such Person becoming a Loan Party, (iii) neither the Company nor any Loan Party that was not an obligor with respect to such Debt prior to such Person becoming a Loan Party shall become an obligor for such Debt; and (iv) such Debt shall not be secured by a Lien on any property of the Company or any Loan Party that did not secure such Debt prior to such Person becoming a Loan Party (except for proceeds and the products thereof and, in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender);
- (o) Debt of any Loan Party (other than any letter of credit) (i) pursuant to tenders, statutory obligations, bids, leases, governmental contracts, trade contracts, surety, stay, customs, appeal, performance or return of money bonds or other similar obligations incurred in the ordinary course of business and (ii) in respect of surety bonds, performance bonds or similar instruments to support any of the foregoing items;
- (p) Debt of any Loan Party (other than any letter of credit, but including obligations in respect of bank guaranties, surety bonds, performance bonds or similar instruments with respect to such Debt) incurred by such Loan Party in respect of workers compensation claims, unemployment insurance (including

premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits;

- (q) Debt representing the deferred purchase price of property (including intellectual property) or services, including earn-out obligations, purchase price adjustments, escrow arrangements or other arrangements representing deferred payments incurred in connection with any Acquisition permitted or consented to hereunder; and
- (r) provided that no Unmatured Event of Default or Event of Default shall have occurred and is continuing or would result therefrom, the incurrence or issuance by the Company or any other Loan Party of Debt which serves to extend, replace, refund, renew, defease or refinance any Debt incurred as permitted under clauses (f), (g), (m) and (n) of this Section 11.1 or any Debt issued to so extend, replace, refund, renew, defease or refinance such Debt ("Refinancing Debt"); provided, however, that, (i) the final maturity date of such Refinancing Debt shall be no earlier than ninety days after the Latest Maturity Date, (ii) the weighted average life to maturity of such Refinancing Debt shall not be shorter than the weighted average life to maturity of the Debt being extended, replaced, refunded, renewed, defeased or refinanced, (iii) to the extent such Refinancing Debt extends, replaces, refunds, renews, defeases or refinances Debt subordinated or pari passu to the Obligations, such Refinancing Debt is subordinated or pari passu to the Obligations at least to the same extent (as determined in good faith by the board of directors of the Company) as the Debt being extended, replaced, refunded, renewed, defeased or refinanced and (iv) such Refinancing Debt shall be in an amount not greater than the amount of the Debt being extended, replaced, refunded, renewed, defeased or refinanced plus an additional amount incurred to pay reasonable premiums (including tender premiums) outstanding and unpaid interest and reasonable fees and expenses incurred in connection therewith; provided, further, however, that to the extent that any Debt incurred under clauses (g) or (m) is refinanced pursuant to this clause (r), then the aggregate outstanding principal amount of such Refinancing Debt shall be deemed to utilize the related basket under the applicable clause on a dollar-for-dollar basis (it being understood that an Unmatured Event of Default or Event of Default shall be deemed not to have occurred solely to the extent that the incurrence of such Refinancing Debt would cause the permitted amount under such Section to be exceeded and such excess shall be permitted hereunder).

11.2 Liens. Not, and not permit any other Loan Party to, create or permit to exist any Lien on any of its real or personal properties, assets or rights of whatsoever nature (whether now owned or hereafter acquired), except:

- (a) Liens for Taxes, payments in lieu of Taxes, assessments, special assessments or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves;
- (b) Liens arising in the ordinary course of business (such as (i) Liens of landlords, carriers, warehousemen, mechanics and materialmen and other similar Liens imposed by Law and (ii) Liens in the form of deposits or pledges incurred in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA) or in connection with surety bonds, bids, performance bonds and similar obligations) for sums not overdue by more than thirty (30) days or being contested in good faith by appropriate proceedings and not involving any advances or borrowed money or the deferred purchase price of property or services and, in each case, for which it maintains adequate reserves;
- (c) Liens described on Schedule 11.2 as of the 2019 Restatement Effective Date and any replacement, extension or renewal thereof upon or in the same property subject thereto arising out of the extension, renewal or replacement of the Debt secured thereby (without increase in the amount thereof (other than on account of any accrued but unpaid interest, fees and premium payable by the terms of such Debt thereon));
- (d) (i) subject to the limitation set forth in Section 11.1(b), Liens that constitute purchase money security interests on any property (including mortgage liens on real property) securing debt incurred for the purpose of financing all or any part of the cost of acquiring such property, provided that any such Lien attaches to such property within twenty days of the acquisition thereof and attaches solely to the property so acquired and any improvements thereon or proceeds from the disposition thereof, and the

replacement, extension or renewal of any Lien permitted by this clause (i) upon or in the same property subject thereto arising out of the extension, renewal or replacement of the Debt secured thereby (without increase in the amount thereof (other than on account of any accrued but unpaid interest, fees and premium payable by the terms of such Debt thereon)); (ii) subject to the limitations set forth in Section 11.1(g), Liens arising in connection with Capital Leases (and attaching only to the property subject to such Capital Leases and any improvements thereon or proceeds from the disposition thereof); and (iii) Liens attaching to the real property constituting a Centene Plaza Project to secure the Centene Plaza Debt;

- (e) attachments, appeal bonds, judgments and other similar Liens; provided the execution or other enforcement of such Liens incurred pursuant to this clause (e) are effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;
- (f) easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of any Loan Party;
- (g) Liens arising under the Loan Documents;
- (h) Liens securing Debt permitted by Section 11.1(e);
- (i) Liens securing Debt permitted by Section 11.1(l) in an aggregate principal amount not exceeding \$500,000,000;
- (j) Liens securing Debt permitted by Section 11.1(m) in an aggregate principal amount not exceeding 1.50% of Consolidated Total Assets at the time of incurrence; provided that the final maturity of such Debt shall be no earlier than ninety days after the Latest Maturity Date;
- (k) Liens securing Debt permitted by Section 11.1(m) in an aggregate principal amount not exceeding 1.50% of Consolidated Total Assets at the time of incurrence;
- (l) Liens of a Person at the time such Person becomes a Loan Party, provided that such Liens were not created in contemplation of the applicable Person becoming a Loan Party and do not extend to any assets other than those of the Person acquired, merged into or consolidated with a Loan Party or acquired by a Loan Party (except for proceeds and the products thereof and, in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender) and to the extent the obligations secured thereby constitute Debt, such Debt is permitted under Section 11.1(n);
- (m) Liens in connection with the sale or transfer of any assets in a transaction permitted hereunder, customary rights and restrictions contained in agreements relating to such sale or transfer pending the completion thereof;
- (n) Liens securing, in the case of any joint venture, any put and call arrangements related to its Capital Securities set forth in its organizational documents or any related joint venture or similar agreement;
- (o) any interest or title of a lessor under any lease or sublease entered into by the Company or any Loan Party in the ordinary course of its business and other statutory and common law landlords' Liens under leases;
- (p) any interest or title of a licensor under any license or sublicense entered into by the Company or any Loan Party as a licensee or sublicensee (A) existing on the 2019 Restatement Effective Date or (B) in the ordinary course of its business;
- (q) any interest or title of a licensor or lessor under any licenses, sublicenses, leases or subleases granted to other Persons permitted hereunder;
- (r) Liens evidenced by the filing of precautionary UCC financing statements (or any similar precautionary filings) relating solely to operating leases of personal property entered into in the ordinary course of business;

(s) Liens on earnest money deposits of cash or cash equivalents, escrow arrangements or similar arrangements made by the Company or any Subsidiary in connection with any letter of intent or purchase agreement for an Acquisition permitted by Section 11.4 or other Investment permitted pursuant to Section 11.9; and

(t) other Liens securing obligations in an aggregate principal amount not to exceed an amount equal to (A) 1.50% of Consolidated Total Assets at the time of incurrence minus (B) the aggregate amount of outstanding Liens incurred pursuant to clause (e) above.

11.3 Restricted Payments. Not, and not permit any other Loan Party to, (a) make any distribution to any holders of its Capital Securities (except for dividends or distributions from a Subsidiary to a Wholly-Owned Subsidiary of the Company or to the Company and dividends or distributions from a Subsidiary ratably to any non-Wholly-Owned Subsidiary of the Company), (b) purchase or redeem any of its Capital Securities, (c) pay any management fees or similar fees to any of its equityholders or any Affiliate thereof, (d) make any redemption, prepayment, defeasance, repurchase or any other payment in respect of any Subordinated Debt, (e) make any contribution to, donation to, loan to, investment in, or any other transfer of funds or property to any Charitable Foundation or (f) set aside funds for any of the foregoing (items (a) through (f) above, collectively, "Restricted Payments"). Notwithstanding the foregoing, so long as no Unmatured Event of Default or Event of Default has occurred and is continuing or could reasonably be expected to occur as a result thereof, (i) the Company may make a distribution to holders of its Capital Securities in the form of stock of the Company, (ii) in lieu of fractional shares in association with a stock dividend or exercise of warrants, options or other securities exchangeable into Capital Securities of the Company, the Company may pay cash dividends in an aggregate amount not exceeding \$75,000,000 in any Fiscal Year, (iii) the Company may make any Restricted Payment so long as, immediately prior to giving effect to such Restricted Payment, Total Debt to EBITDA as of the last day of the Computation Period most recently ended is less than 3.50:1.00, (iv) the Company may make any Restricted Payments not otherwise permitted hereby in an aggregate amount not to exceed \$400,000,000 in any calendar year (with unused amounts for any year being carried over to the next succeeding year), (v) the Company may make other Restricted Payments to repurchase Capital Securities of the Company upon the exercise of stock options if such Capital Securities represent a portion of the exercise price of such options, so long as substantially concurrently with such Restricted Payment, the Company applies the proceeds of such Restricted Payment to repurchase such Capital Securities, (vi) the Company make any payment on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Capital Securities in the Company or any option, warrant or other right to acquire any such Capital Securities pursuant to and in accordance with stock incentive plans or other employee benefit plans for directors, officers or employees of the Company and the Loan Parties and (vii) Subordinated Debt may be refinanced to the extent permitted by Section 11.1. In addition, notwithstanding the foregoing, the Company or any other Loan Party may make contributions to a Charitable Foundation so long as (I) no Unmatured Event of Default or Event of Default has occurred and is continuing or could reasonably be expected to occur as a result thereof, (II) such contribution could not reasonably be expected to have a Material Adverse Effect, (III) such contributions are treated for accounting purposes by the Company as an expense and deducted in the calculation of Consolidated Net Income (and EBITDA) and (IV) such Charitable Foundation is exempt from taxation pursuant to Section 501(c)(3) of the Code.

11.4 Mergers, Consolidations, Sales. Not, and not permit any other Loan Party to, (a) be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any Capital Securities of any class of, or any partnership or joint venture interest in, any other Person, except for Investments otherwise permitted by Section 11.9, (b) sell, transfer, convey or lease all or substantially all of its assets (including the sale of all or substantially all of the Capital Securities of any Subsidiary) except (i) for sales of inventory and obsolete equipment in the ordinary course of business or (ii) so long as no Unmatured Event of Default or Event of Default has occurred and is continuing, after giving effect thereto on a pro forma basis, the Company and the other Loan Parties shall be in compliance with a Total Debt to EBITDA Ratio not greater than the applicable ratio set forth in Section 11.12.2 (giving effect, if applicable, to the provisos thereto) as of the last day of the most recently ended Computation Period (other than a sale, transfer, conveyance or lease of all or substantially all of the assets of the Loan Parties, taken as a whole) or (c) sell or assign with or without recourse any receivables, except that the restrictions set forth in clauses (a)-(c) above shall not apply to (i) the Wellington Acquisition, (ii) any merger, consolidation, sale, transfer, conveyance, lease or assignment of or by (A) any Subsidiary into the Company (provided that the Company shall be the continuing or surviving entity), (B) any Subsidiary into any domestic Subsidiary (provided that if such Subsidiary has provided a guarantee of the Obligations, the continuing or surviving entity shall also provide a guarantee of the Obligations) or (C) any foreign Subsidiary into any other foreign Subsidiary; (iii) any such purchase or other acquisition by the Company or any domestic Subsidiary of the assets or Capital Securities of any Subsidiary and by any foreign Subsidiary of the assets or Capital Securities of any other foreign Subsidiary; (iv) any Loan Party (other than the Company) may liquidate,

dissolve or wind-up if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and is not materially disadvantageous to the Lenders and no Unmatured Event of Default or Event of Default has occurred and is continuing or would result therefrom; (v) the discount or sale, in each case without recourse and in the ordinary course of business, of past due receivables arising in the ordinary course of business, but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale or financing of receivables), (vi) Investments made in accordance with Section 11.9, (vii) Liens incurred in compliance with Section 11.2 and (viii) any Acquisition by the Company or any Subsidiary where:

- (A) the Acquisition is of a Person in a line of business which is similar or complementary to the lines of business of the Loan Parties as of the 2019 Restatement Effective Date;
- (B) immediately before and after giving effect to such Acquisition, no Event of Default shall exist or would result of such Acquisition;
- (C) immediately after giving effect to such Acquisition, the Company is in pro forma compliance with all the financial ratios and restrictions set forth in Section 11.12 (giving effect, if applicable, to the provisos thereto) as of the last day of the most recently ended Computation Period; and
- (D) in the case of the Acquisition of any Person, the board of directors or similar governing body of such Person has approved such Acquisition, and in the case of an Acquisition which is structured as a merger involving the Company, the Company is the surviving Person.

The condition contained in clause (C) above will not apply to an Acquisition if the total consideration paid (including the fair market value of any property conveyed and including deferred consideration) for such Acquisition does not exceed \$800,000,000.

11.5 Modification of Organizational Documents. Not permit the charter, by-laws or other organizational documents of the Company or any of its Subsidiaries to be amended or modified in any way unless in all cases, such amendment or modification is not reasonably likely to have a Material Adverse Effect.

11.6 Transactions with Affiliates. Not, and not permit any other Loan Party to, enter into, or cause, suffer or permit to exist any transaction, arrangement or contract with any of its Affiliates (other than the Company or any Loan Party) involving aggregate payments, for any such transaction or series of related transactions, in excess of \$2,500,000; provided, however, that (i) the Company and the other Loan Parties may engage in such transactions pursuant to the reasonable requirements of its business on terms which are not materially less favorable than are obtainable from any Person which is not one of its Affiliates, (ii) the Company and its Subsidiaries may declare or make Restricted Payments permitted by Section 11.3, (iii) the Loan Parties and the Subsidiaries may adopt, enter into, maintain and perform their obligations under customary employment, compensation, severance or indemnification plans and arrangements for current or former directors, officers, employees and consultants of the Company and the Loan Parties entered into in the ordinary course of business, (iv) the Company may grant stock options or similar rights to directors, officers, employees and consultants of the Company or any Loan Party and (v) contributions made to a Charitable Foundation as permitted under Section 11.3.

11.7 Inconsistent Agreements. Not, and not permit any other Loan Party to, enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by the Company hereunder or by the performance by any Loan Party of any of its Obligations hereunder or under any other Loan Document, (b) prohibit any Loan Party from granting a Lien on any of its assets to the Administrative Agent and the Lenders or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (i) pay dividends or make other distributions to the Company or any other Subsidiary, or pay any Debt owed to the Company or any other Subsidiary, (ii) make loans or advances to any Loan Party or (iii) transfer any of its assets or properties to any Loan Party, other than: (A) customary restrictions and conditions contained in agreements relating to the sale of all or a substantial part of the assets of any Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary to be sold and such sale is permitted hereunder, (B) restrictions or conditions imposed by any agreement relating to purchase money Debt, Capital Leases and other secured Debt permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Debt or that expressly permits Liens for the benefit of the Administrative Agent and the Lenders with respect to the Loans and the Obligations under the Loan Documents on a senior basis without the requirement that such holders of such Debt be secured by Liens on an equal and ratable, or junior, basis, (C) customary provisions in leases and other contracts restricting the assignment



thereof, (D) restrictions and conditions imposed by Law, (E) restrictions and conditions binding on any person in existence at the time such person first became a Loan Party, so long as such restrictions or conditions were not entered into in contemplation of such person becoming a Loan Party, (F) solely in the case of clauses (b) and (c)(iii), restrictions and conditions imposed by the 2021 Senior Notes Indenture, the 2022 Senior Notes Indenture, the 2024 Senior Notes Indenture, the 2025 Senior Notes Indenture, the 2026 Senior Notes Indenture, the New Senior Notes Indenture, the credit agreement in respect of any Bridge Loans and any other Debt issued in reliance on Sections 11.1(c) and 11.1(d) (and in the case of the New Senior Notes Indenture, the credit agreement in respect of any Bridge Loans and any other Debt issued in reliance on Sections 11.1(c) and 11.1(d), to the extent such restrictions and conditions are not materially more restrictive, taken as a whole, than any restrictions and conditions contained in the 2021 Senior Notes Indenture, the 2022 Senior Notes Indenture, the 2024 Senior Notes Indenture, the 2025 Senior Notes Indenture and the 2026 Senior Notes Indenture), (G) solely in the case of clauses (b) and (c)(iii), the Real Estate Debt Documents and the Tax Abatement Documents; provided that any negative pledge relates solely to the property securing such Debt, (H) solely in the case of clause (b), customary restrictions that arise in connection with any Liens in favor of any holder of Debt permitted under Section 11.2 but solely to the extent any negative pledge relates to the property secured by such Lien or that expressly permits Liens for the benefit of the Administrative Agent and the Lenders with respect to the Loans and the Obligations under the Loan Documents on a senior basis without the requirement that such holders of such Debt be secured by Liens on an equal and ratable, or junior, basis, (I) customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements (other than in respect of any Wholly-Owned Subsidiary) entered into in the ordinary course of business that restrict the transfer of ownership interests in such partnership, limited liability company, joint venture or similar Person, (J) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business, (K) solely in the case of clauses (b) and (c), the Existing Wellington Notes and (L) restrictions and conditions imposed by any amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing of any contract, instrument or obligation referred to in clauses (A) through (L) above; provided that such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing is, in the good faith judgment of the Company, not materially more restrictive with respect to such restrictions taken as a whole than those in existence prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

11.8 Business Activities. Not, and not permit any other Loan Party to, engage in any line of business other than (a) the businesses engaged in on the 2019 Second Restatement Effective Date, (b) the managed health care business, (c) lines of business which are similar or complementary thereto and (d) lines of business set forth in the Company's strategic business plan, as it may be amended from time to time by the Company.

11.9 Investments. Not, and not permit any other Loan Party to, make or permit to exist any Investment in any other Person, except the following:

- (a) Investments (i) by any Loan Party other than the Company in any other Loan Party, (ii) by the Company or any other Loan Party consisting solely of the incurrence of Debt to the extent permitted by Sections 11.1(b), (iii) by the Company or any other Loan Party consisting of (A) Debt instruments issued by the District and held by the Company or any other Loan Party as of the date hereof and (B) the purchase of Debt instruments issued by the District (or similar new district) after the 2019 Restatement Effective Date in an aggregate amount not to exceed \$75,000,000 and (iv) by any Loan Party in a Centene Plaza Subsidiary, the proceeds of which are used to repay or purchase any Debt that would otherwise be permitted to be incurred by such Loan Party under Section 11.1(b);
- (b) Investments by the Company in any other Loan Party;
- (c) Investments which comply with the Company's investment policy attached hereto as Schedule 11.9, which investment policy may be updated from time to time with the consent of the Administrative Agent (provided, that notwithstanding the Company's investment policy, (i) Investments in venture capital funds shall not be permitted to the extent they exceed 10% of the aggregate amount of cash, cash equivalents and investments of the Loan Parties as reflected on the Company's consolidated financial statements and determined in accordance with GAAP in the aggregate across all health plans and (ii) Investments in transportation development district bonds relating to a Centene Plaza Project shall not be permitted except to the extent they are expressly permitted by Section 11.9(a)(iii));
- (d) Investments to consummate Acquisitions permitted by Section 11.4;

- (e) other Investments of the Company or any other Loan Party (including in Unrestricted Subsidiaries) in an aggregate amount at any one time outstanding not to exceed 1.50% of Consolidated Total Assets at the time of such Investment; provided that no Unmatured Event of Default or Event of Default has occurred and is continuing on the date of such Investment or could reasonably be expected to occur as a result thereof;
- (f) Guarantee Obligations constituting Debt permitted by Section 11.1;
- (g) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;
- (h) Investments made as a result of the receipt of non-cash consideration from a disposition of any asset permitted hereunder;
- (i) Investments in the form of Hedging Obligations permitted by Section 11.1;
- (j) payroll, travel and similar advances to directors, officers and employees of the Company or the Loan Parties that are made in the ordinary course of business in an aggregate amount at any one time outstanding not to exceed \$20,000,000;
- (k) Investments to the extent the consideration paid therefor consists of Capital Securities of the Company (other than Disqualified Equity Interests); and
- (l) Investments held by a Subsidiary acquired after the 2019 Restatement Effective Date or of a Person merged or consolidated with or into the Company or a Subsidiary after the 2019 Second Restatement Effective Date, to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;
- (m) Investments consisting of Guarantee Obligations of the Company or any Subsidiary in respect of leases of the Company or any subsidiary (other than obligations with respect to Capital Leases) or of other obligations not constituting Debt, in each case entered into in the ordinary course of business;
- (n) Investments in any Federal Home Loan Bank required to be made in connection with the incurrence of Debt pursuant to Section 11.1(m); and
- (o) other Investments so long as (i) immediately prior to, and after giving pro forma effect to such Investment, Total Debt to EBITDA as of the last day of the Computation Period most recently ended would be less than 3.50 to 1.00 and (ii) no Unmatured Event of Default or Event of Default has occurred and is continuing on the date of such Investments or could reasonably be expected to occur as a result thereof.

11.10 Restriction of Amendments to Certain Documents. Not amend or otherwise modify, or waive any rights under, any Subordinated Debt Documents to the extent such amendment, modification or waiver would be materially adverse to the Lenders.

11.11 Fiscal Year. Not change its Fiscal Year.

11.12 Financial Covenants.

11.12.1 Fixed Charge Coverage Ratio. Not permit the Fixed Charge Coverage Ratio for any Computation Period to be less than 1.50 to 1.00. In each Computation Period, the Fixed Charge Coverage Ratio shall be calculated after giving effect to the Centene Plaza Subsidiary Exclusion.

11.12.2 Total Debt to EBITDA Ratio. Not permit the Total Debt to EBITDA Ratio for any Computation Period ending after the 2019 Restatement Effective Date to exceed 3.50 to 1.00 (it being understood that in each Computation Period, the Total Debt to EBITDA Ratio shall be calculated after giving effect to the Centene Plaza Subsidiary Exclusion); provided that in lieu of the foregoing, at the election of the Company by notice

to the Administrative Agent (which election may be made not more than three times (including the Wellington Acquisition)) (any such election, an "Acquisition Covenant Election"), for any such date occurring on or after a Material Acquisition or the Wellington Acquisition, on or prior to the last day of the fourth full Fiscal Quarter of the Company after the consummation of such Material Acquisition or the Wellington Acquisition, the Company will not permit the Total Debt to EBITDA Ratio as of such date (including, without limitation, the last day of the most recently ended Computation Period) to exceed 4.00 to 1.00; provided further that in the event the Company makes or is deemed to make an Acquisition Covenant Election, no additional Acquisition Covenant Election may be made until the end of the fifth full Fiscal Quarter after the first such Acquisition Covenant Election is made or deemed made; provided further that an Acquisition Covenant Election shall be deemed made in connection with the Wellington Acquisition.

11.13 Guaranties. Not permit any of its Subsidiaries (other than (i) any special purpose escrow vehicles formed to incur the New Senior Notes or (ii) with respect to the Existing Wellington Notes, Wellington, its Subsidiaries and their respective successors) to incur Debt, or deliver a guaranty in respect of any Debt incurred, under the 2021 Senior Notes, the 2022 Senior Notes, the 2024 Senior Notes, the 2025 Senior Notes, the 2026 Senior Notes, the New Senior Notes, the Bridge Loans or pursuant to Sections 11.1(c), (d) or (f), unless such Subsidiary (other than (i) any special purpose escrow vehicles formed to incur the New Senior Notes or (ii) with respect to the Existing Wellington Notes, Wellington, its Subsidiaries and their respective successors) provides an equal and ratable guaranty in respect of the Obligations.

11.14 Exceptions. Notwithstanding anything else contained herein (i) the Tax Abatement Documents shall not be deemed to be Capital Leases and (ii) the obligations of the Company or any of its Subsidiaries to pay rent as set forth on Schedule 11.14 shall not be deemed to be Guarantee Obligations.

## SECTION 12 CONDITIONS OF LENDING, ETC.

12.1 [Reserved].

12.2 [Reserved].

12.3 Conditions. The obligation (a) of each Lender to make each Loan after the 2019 Restatement Effective Date (including, for the avoidance of doubt, the 2019 Incremental Term Loans) and (b) of each Issuing Lender to issue each Letter of Credit after the 2019 Restatement Effective Date is subject to the following further conditions precedent that:

12.3.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any borrowing and the issuance of any Letter of Credit, the following statements shall be true and correct:

(a) the representations and warranties of each Loan Party set forth in this Agreement and the other Loan Documents shall be true and correct in all material respects with the same effect as if then made (except to the extent stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); provided that (x) to the extent any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects and (y) in the case of any Incremental Term Loan incurred to finance any Limited Condition Transaction, such representations and warranties may be limited to customary "specified representations" to the extent agreed by the Lenders providing such Incremental Term Loans; and

(b) other than with respect to any Incremental Term Loan to finance a Limited Condition Transaction, no Event of Default or Unmatured Event of Default shall have then occurred and be continuing.

## SECTION 13 EVENTS OF DEFAULT AND THEIR EFFECT.

13.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) Non-Payment of the Loans, etc. Default in the payment when due of the principal of any Loan; or default, and continuance thereof for five days, in the payment when due of any interest, fee, reimbursement obligation with respect to any Letter of Credit or other amount payable by the Company hereunder or under any other Loan Document.

- (b) Default under Other Debt. Any default shall occur under the terms applicable to any Debt of the Company or any of its Subsidiaries individually or in an aggregate amount (for all such Debt so affected and including undrawn committed or available amounts and amounts owing to all creditors under any combined or syndicated credit arrangement) exceeding \$300,000,000 (any such Debt, "Material Debt"), or under the terms applicable to the 2021 Senior Notes, the 2022 Senior Notes, the 2024 Senior Notes, the 2025 Senior Notes, the 2026 Senior Notes, the New Senior Notes or the Bridge Loans and such default shall accelerate the maturity of such Debt (including the 2021 Senior Notes, the 2022 Senior Notes, the 2024 Senior Notes, the 2025 Senior Notes, the 2026 Senior Notes, the New Senior Notes or the Bridge Loans) or permit, after the expiration of any applicable grace period provided in the applicable agreement or instrument evidencing or governing such Debt, the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such Debt (including the 2021 Senior Notes, the 2022 Senior Notes, the 2024 Senior Notes, the 2025 Senior Notes, the 2026 Senior Notes, the New Senior Notes or the Bridge Loans) to become due and payable (or require the Company or any of its Subsidiaries to purchase or redeem such Debt (including the 2021 Senior Notes, the 2022 Senior Notes, the 2024 Senior Notes, the 2025 Senior Notes, the 2026 Senior Notes, the New Senior Notes or the Bridge Loans) or post cash collateral in respect thereof) prior to its expressed maturity.
- (c) Bankruptcy, Insolvency, etc. The Company or any of its Significant Subsidiaries ceases to be Solvent or generally fails to pay, or admits in writing its inability or refusal to pay, debts as they become due; or the Company or any of its Significant Subsidiaries applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for the Company or any of its Significant Subsidiaries or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Company or any of its Significant Subsidiaries or for a substantial part of the property of any thereof and is not discharged within 90 days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency Law, or any dissolution or liquidation proceeding, is commenced in respect of the Company or any of its Significant Subsidiaries, and if such case or proceeding is not commenced by the Company or any of its Significant Subsidiaries, it is consented to or acquiesced in by the Company or such Subsidiary or remains for 90 days undismissed; or the Company or any of its Significant Subsidiaries takes any action to authorize, or in furtherance of, any of the foregoing.
- (d) Non-Compliance with Loan Documents. (i) Failure of any Loan Party to perform or comply with any term or condition contained in Section 10.1.5(a), Section 10.5(a) (solely with respect to the Company and solely with respect to its existence and good standing), Section 10.6 or Section 11 or (ii) any Loan Party shall default in the performance of or compliance with any term contained herein or any of the other Loan Documents, other than any such term referred to in any other section of this Section 13, and such default shall not have been remedied or waived within thirty days after the earlier of (A) receipt by the Company of notice from the Administrative Agent or any Lender of such default and (B) a Senior Officer of any Loan Party having obtained knowledge of such default.
- (e) Representations; Warranties. Any representation or warranty made by any Loan Party herein or any other Loan Document is breached or is false or misleading in any material respect when made or deemed made, or any schedule, certificate, financial statement, report, notice or other writing furnished by any Loan Party to the Administrative Agent or any Lender in connection herewith is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified or, to the extent any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be false or misleading in any respect on the date as of which the facts there set forth are stated or certified.
- (f) Judgments. Any one or more judgments or orders is entered against the Company or any of its Subsidiaries or any attachment or other levy is made against the property of the Company or any of its Subsidiaries with respect to any claim or claims involving in the aggregate liabilities (not paid or fully covered by insurance, less the amount of deductibles satisfactory to the Administrative Agent and the Lenders on the 2019 Restatement Effective Date) greater than \$300,000,000, and, in the case of a judgment or order, such judgment or order becomes final and non-appealable or if timely appealed is not fully bonded and collection thereof stayed pending the appeal.

(g) Invalidity of Subordination Provisions, etc. Any subordination provision in any document or instrument governing Subordinated Debt, or any subordination provision in any guaranty by any Subsidiary of any Subordinated Debt, shall cease to be in full force and effect, or any Loan Party or any other Person (including the holder of any applicable Subordinated Debt) shall contest in any manner the validity, binding nature or enforceability of any such provision.

(h) Change of Control. A Change of Control shall occur.

13.2 Effect of Event of Default. If any Event of Default described in Section 13.1(c) shall occur in respect of the Company, the Commitments shall immediately terminate and the Loans and all other Obligations hereunder shall become immediately due and payable and the Company shall become immediately obligated to Cash Collateralize all Letters of Credit, all without presentment, demand, protest or notice of any kind; and, if any other Event of Default shall occur and be continuing, the Administrative Agent may (and, upon the written request of the Required Lenders shall) declare the Commitments to be terminated in whole or in part and/or declare all or any part of the Loans and all other Obligations hereunder to be due and payable and/or demand that the Company immediately Cash Collateralize all or any Letters of Credit, whereupon the Commitments shall immediately terminate (or be reduced, as applicable) and/or the Loans and other Obligations hereunder shall become immediately due and payable (in whole or in part, as applicable) and/or the Company shall immediately become obligated to Cash Collateralize the Letters of Credit (all or any, as applicable), all without presentment, demand, protest or notice of any kind. The Administrative Agent shall promptly advise the Company of any such declaration, but failure to do so shall not impair the effect of such declaration. Any cash collateral delivered hereunder shall be held by the Administrative Agent (without liability for interest thereon) and applied to the Obligations arising in connection with any drawing under a Letter of Credit. After the expiration or termination of all Letters of Credit, such cash collateral shall be applied by the Administrative Agent to any remaining Obligations hereunder and any excess shall be delivered to the Company or as a court of competent jurisdiction may elect.

#### **SECTION 14 AGENTS.**

14.1 Appointment of Agents. Wells Fargo Bank, National Association, is hereby appointed the Administrative Agent hereunder and under the other Loan Documents and each Lender hereby authorizes Wells Fargo Bank, National Association, to act as the Administrative Agent in accordance with the terms hereof and the other Loan Documents. Barclays Bank PLC, Bank of America, N.A., JPMorgan Chase Bank, N.A., MUFG Bank, Ltd. and SunTrust Bank are hereby appointed the Syndication Agents and each Lender hereby authorizes Barclays Bank PLC, Bank of America, N.A., JPMorgan Chase Bank, N.A., MUFG Bank, Ltd. and SunTrust Bank to act as the Syndication Agents in accordance with the terms hereof and the other Loan Documents. BMO Harris Bank N.A., CIBC Bank USA, Fifth Third Bank, PNC Bank, National Association, Regions Bank and U.S. Bank National Association are hereby appointed the Documentation Agents hereunder and under the other Loan Documents and each Lender hereby authorizes BMO Harris Bank N.A., CIBC Bank USA, Fifth Third Bank, PNC Bank, National Association, Regions Bank and U.S. Bank National Association to act as the Documentation Agents in accordance with the terms hereof and the other Loan Documents. Each Agent hereby agrees to act in its capacity as such upon the express conditions contained herein and the other Loan Documents, as applicable. The provisions of this Section 14 (other than as expressly provided herein) are solely for the benefit of the Agents and the Lenders and no Loan Party shall have any rights as a third party beneficiary of any of the provisions of this Section 14 (other than as expressly provided herein). In performing its functions and duties hereunder, each Agent shall act solely as an agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Company or any of its Subsidiaries. Each of the Syndication Agents and the Documentation Agents, without consent of or notice to any party hereto, may assign any and all of its rights or obligations hereunder to any of its Affiliates. Notwithstanding any other provision of this Agreement or any provision of any other Loan Document, each of the Joint Lead Arrangers, the Syndication Agents, the Documentation Agents and the Joint Bookrunners are named as such for recognition purposes only, and in their respective capacities as such shall have no duties, responsibilities or liabilities with respect to this Agreement or any other Loan Document, it being understood and agreed that each of the Joint Lead Arrangers, the Syndication Agents, the Documentation Agents and the Joint Bookrunners shall be entitled to all indemnification and reimbursement rights in favor of the Agents provided herein and in the other Loan Documents and all of the other benefits of this Section 14. Without limitation of the foregoing, neither the Joint Lead Arrangers, the Syndication Agents, the Documentation Agents nor the Joint Bookrunners in their respective capacities as such shall, by reason of this Agreement or any other Loan Document, have any fiduciary relationship in respect of any Lender, Loan Party or any other Person.

14.2 Powers and Duties. Each Lender irrevocably authorizes each Agent to take such action on such Lender's behalf and to exercise such powers, rights and remedies hereunder and under the other Loan Documents as are specifically delegated or granted to such Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Each Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. No Agent shall have, by reason hereof or any of the other Loan Documents, a fiduciary relationship or other implied duties in respect of any Lender; and nothing herein or any of the other Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect hereof or any of the other Loan Documents except as expressly set forth herein or therein. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement and in the other Loan Documents with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under the agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

14.3 General Immunity.

14.3.1 No Responsibility for Certain Matters. No Agent shall be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Loan Document, or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by any Agent to the Lenders or by or on behalf of any Loan Party or to any Agent or Lender in connection with the Loan Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Loan Party or any other Person liable for the payment of any Obligations, nor shall any Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Loan Documents or as to the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Unmatured Event of Default or as to the satisfaction of any condition set forth in Section 12 or elsewhere herein (other than to confirm receipt of items expressly required to be delivered to such Agent) or to inspect the properties, books or records of the Company or any of its Subsidiaries or to make any disclosures with respect to the foregoing. Anything contained herein to the contrary notwithstanding, the Administrative Agent shall not have any liability arising from confirmations of the amount of outstanding Loans or the Letter of Credit Usage or the component amounts thereof.

14.3.2 Exculpatory Provisions. No Agent nor any of its officers, partners, directors, employees or agents shall be liable to the Lenders (i) for any action taken or omitted by any Agent (A) under or in connection with any of the Loan Documents or (B) with the consent or at the request of the Required Lenders (or, if so specified by this Agreement, all Lenders or any other instructing group of Lenders specified by this Agreement) except to the extent caused by such Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction or (ii) for any failure of any Loan Party to perform its obligations under this Agreement or any other Loan Document. No Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose or be liable for the failure to disclose, any information relating to the Company or any of its Affiliates that is communicated to or obtained by such Agent or any of its Affiliates in any capacity. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions in respect thereof from the Required Lenders (or such other Lenders as may be required to give such instructions under Section 15.1) and, upon receipt of such instructions from the Required Lenders (or such other Lenders, as the case may be), such Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions and shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Law. Without prejudice to the generality of the foregoing, (i) each Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been given, signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Company and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting hereunder or any of the other Loan Documents in accordance with the

instructions of Required Lenders (or such other Lenders as may be required to give such instructions under Section 15.1).

- 14.3.3 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Loan Document by or through any one or more sub-agents appointed by it. Each of the Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory, indemnification and other provisions of this Section 14.3 and of Section 14.6 shall apply to any of the Affiliates of the Administrative Agent and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent. All of the rights, benefits, and privileges (including the exculpatory and indemnification provisions) of this Section 14.3 and of Section 14.6 shall apply to any such sub-agent and to the Affiliates of any such sub-agent, and shall apply to their respective activities as sub-agent as if such sub-agent and Affiliates were named herein. Notwithstanding anything herein to the contrary, with respect to each sub-agent appointed by the Administrative Agent, (i) such sub-agent shall be a third party beneficiary under this Agreement with respect to all such rights, benefits and privileges (including exculpatory rights and rights to indemnification) and shall have all of the rights and benefits of a third party beneficiary, including an independent right of action to enforce such rights, benefits and privileges (including exculpatory rights and rights to indemnification) directly, without the consent or joinder of any other Person, against any or all of Loan Parties and the Lenders, (ii) such rights, benefits and privileges (including exculpatory rights and rights to indemnification) shall not be modified or amended without the consent of such sub-agent and (iii) such sub-agent shall only have obligations to the Administrative Agent and not to any Loan Party, Lender or any other Person and no Loan Party, Lender or any other Person shall have any rights, directly or indirectly, as a third party beneficiary or otherwise, against such sub-agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.
- 14.3.4 Notice of Unmatured Event of Default or Event of Default. No Agent shall be deemed to have knowledge of any Unmatured Event of Default or Event of Default unless and until written notice describing such Unmatured Event of Default or Event of Default is given to such Agent by a Loan Party or a Lender. In the event that the Administrative Agent shall receive such a notice, the Administrative Agent shall give notice thereof to the Lenders; provided that failure to give such notice shall not result in any liability on the part of the Administrative Agent.
- 14.4 Agents Entitled to Act as Lender. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its individual capacity as a Lender hereunder. With respect to its participation in the Loans and the Letters of Credit, each Agent shall have the same rights and powers hereunder in its capacity as a Lender as any other Lender and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Lender" shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity. Any Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with the Company or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from the Company for services in connection herewith and otherwise without having to account for the same to Lenders. The Lenders acknowledge that pursuant to such activities, the Agents or their Affiliates may receive information regarding any Loan Party or any Affiliate of any Loan Party (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Agents and their Affiliates shall be under no obligation to provide such information to them.
- 14.5 Lenders' Representations, Warranties and Acknowledgment.
- (a) Each Lender represents and warrants that it has made its own independent investigation of the financial condition and affairs of the Company and its Subsidiaries in connection with the making of Loans or the issuing or renewal of a Letter of Credit hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of the Company and its Subsidiaries. No Agent shall have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Lenders or to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time

or times thereafter, and no Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Lenders.

- (b) Each Lender, by delivering its signature page to the 2019 Amendment and Restatement Agreement or an Assignment Agreement, as applicable, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be approved by any Agent, Required Lenders or Lenders, as applicable on the 2019 Restatement Effective Date or as of the date of funding of such Incremental Term Loans or providing such Commitment Increase.

14.6 Right to Indemnity. Each Lender, in proportion to its Pro Rata Share, severally agrees to indemnify each Agent, Issuing Lender and Swing Line Lender, to the extent that such Agent, Issuing Lender or Swing Line Lender shall not have been reimbursed by any Loan Party (and without limiting its obligation to do so), for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including legal counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent, Issuing Lender or Swing Line Lender in exercising its powers, rights and remedies or performing its duties hereunder or under the other Loan Documents or otherwise in its capacity as such Agent in any way relating to or arising out of this Agreement or the other Loan Documents; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's, Issuing Lender's or Swing Line Lender's, as applicable, gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. If any indemnity furnished to any Agent, Issuing Lender or Swing Line Lender, for any purpose shall, in the opinion of such Agent, Issuing Lender or Swing Line Lender, as applicable, be insufficient or become impaired, such Agent, Issuing Lender or Swing Line Lender, as applicable, may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided, that in no event shall this sentence require any Lender to indemnify any Agent, Issuing Lender or Swing Line Lender against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's Pro Rata Share thereof; and provided, further, that this sentence shall not be deemed to require any Lender to indemnify any Agent, Issuing Lender or Swing Line Lender against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

14.7 Successor Administrative Agent, Issuing Lender and Swing Line Lender.

- (a) The Administrative Agent shall have the right to resign at any time by giving prior written notice thereof to the Lenders and the Company. The Administrative Agent shall have the right to appoint a financial institution to act as the Administrative Agent hereunder, subject to the reasonable satisfaction of the Company and the Required Lenders, and the Administrative Agent's resignation shall become effective on the earlier of (i) the acceptance of such successor Administrative Agent by the Company and the Required Lenders or (ii) the thirtieth day after such notice of resignation. Upon any such notice of resignation, if a successor Administrative Agent has not already been appointed by the retiring Administrative Agent, the Required Lenders shall have the right, upon five Business Days' notice to the Company, to appoint a successor Administrative Agent. If neither the Required Lenders nor the Administrative Agent has appointed a successor Administrative Agent, then the Required Lenders shall be deemed to have succeeded to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall promptly transfer to such successor Administrative Agent all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent under the Loan Documents, whereupon such retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of this Section 14 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent hereunder.
- (b) Any resignation of Wells Fargo Bank, National Association, or its successor as the Administrative Agent pursuant to this Section 14.7 shall also constitute the resignation of Wells Fargo Bank, National Association, or its successor as an Issuing Lender and the Swing Line Lender, and any successor Administrative Agent appointed pursuant to this Section shall, upon its acceptance of such appointment,



become a successor Issuing Lender and the successor Swing Line Lender for all purposes hereunder. In such event the Company shall prepay any outstanding Swing Line Loans made by the retiring Administrative Agent in its capacity as Swing Line Lender.

14.8 Withholding Taxes. To the extent required by any applicable Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding tax ineffective or for any other reason, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with all expenses (including Attorney Costs and out-of-pocket expenses) incurred.

14.9 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under the Bankruptcy Code or other applicable Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Company) shall be entitled and empowered, by intervention in such proceeding or otherwise (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders (including Attorney Costs) allowed in such judicial proceeding and (b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same. Any custodian, receiver, assignee, trustee, liquidator, sequester or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of such Person or in any such proceeding.

#### SECTION 15 GENERAL.

15.1 Waiver, Amendments. No delay on the part of the Administrative Agent or any Lender in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. Except as contemplated by Section 2.1.2(c) or 15.1.1, no amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the other Loan Documents shall in any event be effective unless the same shall be in writing and acknowledged by Lenders having an aggregate Pro Rata Shares of not less than the aggregate Pro Rata Shares expressly designated herein with respect thereto or, in the absence of such designation as to any provision of this Agreement, by the Required Lenders, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment, modification, waiver or consent shall (a) extend or increase the Commitment of any Lender without the written consent of such Lender, (b) extend the date scheduled for payment of any principal (excluding mandatory prepayments) or of interest on the Loans or any fees payable hereunder without the written consent of each Lender directly affected thereby, (c) reduce the principal amount of any Loan, the rate of interest thereon or any fees payable hereunder (except for periodic adjustments of interest rates and fees based on a change in applicable Level as expressly provided herein), without the consent of each Lender directly affected thereby, (d) change the definition of Required Lenders, Required Revolving Lenders or any provision of this Section 15.1, or reduce the aggregate Pro Rata Share required to effect an amendment, modification, waiver or consent, without, in each case, the written consent of all Lenders; (e) change Section 7.5 in a manner that would alter the *pro rata* sharing of payments required thereby without the written consent of each Lender directly affected thereby or (f) except as otherwise provided in such guarantee agreement, release any guarantor from its guarantee of the Obligations without the written consent of each Lender. No provision of Section 14 or other provision of this Agreement affecting the Administrative Agent in its capacity as such shall be amended, modified or waived without the consent of the Administrative Agent. No provision of this Agreement relating to the rights or duties of an Issuing Lender in its capacity as such shall be amended, modified or waived without the consent of such Issuing Lender. No provision of this Agreement relating to the rights or duties of the Swing Line Lender in its capacity as such, shall be amended, modified or waived without the consent of the Swing Line Lender.

15.1.1 Extension Offers.

- (a) The Company may on one or more occasions after the 2019 Restatement Effective Date, by written notice to the Administrative Agent, make one or more offers (each, an “Extension Offer”) to all the Lenders of one or more classes (each class subject to such an Extension Offer, an “Extension Request Class”) to enter into one or more Extension Permitted Amendments pursuant to procedures reasonably specified by the Administrative Agent and reasonably acceptable to the Company. Such notice shall set forth (i) the terms and conditions of the requested Extension Permitted Amendment(s) and (ii) the date on which such Extension Permitted Amendment(s) are requested to become effective (which shall not be less than 5 Business Days nor more than 30 Business Days after the date of such notice, unless otherwise agreed to by the Administrative Agent). Extension Permitted Amendments shall become effective only with respect to the Loans and Commitments of the Lenders of the Extension Request Class that accept the applicable Extension Offer (such Lenders, the “Extending Lenders”) and, in the case of any Extending Lender, only with respect to such Lender’s Loans and Commitments of such Extension Request Class as to which such Lender’s acceptance has been made. The Company shall have the right to withdraw any Extension Offer upon written notice to the Administrative Agent in the event that the aggregate amount of Loans and Commitments of the Extending Lenders is less than the aggregate amount specified by the Company in the Extension Offer to be extended.
- (b) An Extension Permitted Amendment shall be effected pursuant to an Extension Agreement executed and delivered by the Company, each applicable Extending Lender and the Administrative Agent; provided that no Extension Permitted Amendment shall become effective unless (i) no Unmatured Event of Default shall have occurred and be continuing on the date of effectiveness thereof, (ii) on the date of effectiveness thereof, the representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct (A) in the case of the representations and warranties qualified as to materiality, in all respects, and (B) otherwise, in all material respects, in each case on and as of such date, except in the case of any such representation and warranty that specifically relates to an earlier date, in which case such representation and warranty shall be so true and correct on and as of such earlier date, and (iii) the Company shall have delivered to the Administrative Agent such customary legal opinions, board resolutions, secretary’s certificates, officer’s certificates and other customary documents as shall reasonably be requested by the Administrative Agent in connection therewith. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Extension Agreement. Each Extension Agreement may, without the consent of any Lender other than the applicable Extending Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to give effect to the provisions of this Section, including any amendments necessary to treat the applicable Loans and/or Commitments of the accepting Lenders as a new “class” of loans and/or commitments hereunder; provided that, except as otherwise agreed to by each Issuing Lender and the Swing Line Lender, (i) the allocation of the participation exposure with respect to any then-existing or subsequently issued or made Letter of Credit or Swing Line Loan as between the commitments of such new “class” and the remaining Commitments shall be made on a ratable basis as between the commitments of such new “class” and the remaining Commitments and (ii) the Termination Date, as such term is used in reference to Letters of Credit or Swing Line Loans, may not be extended without the prior written consent of each Issuing Lender and the Swing Line Lender, as applicable.

15.2 Notices.

- 15.2.1 Notices Generally. Except as otherwise provided in Sections 2.2.3 and 2.2.4, all notices hereunder shall be in writing (including facsimile transmission) and shall be sent to the applicable party at (i) in the case of the Company, the Administrative Agent, any Issuing Lender or the Swing Line Lender, its address shown on Annex B or at such other address as such party may, by written notice received by the other parties, have designated as its address for such purpose or (ii) in the case of any Lender, its address specified in an administrative questionnaire in the form supplied by the Administrative Agent. Notices sent by facsimile transmission shall be deemed to have been given when sent; notices sent by mail shall be deemed to have been given three Business Days after the date when sent by registered or certified mail, postage prepaid; and notices sent by hand delivery or overnight courier service shall be deemed to have been given when received.

15.2.2 Electronic Communications.

- (a) Notices and other communications to Lenders and the Issuing Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites, including the Platform) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender or any Issuing Lender pursuant to Article II if such Lender or such Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, further, that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.
- (b) Each Loan Party understands that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution and agrees and assumes the risks associated with such electronic distribution.
- (c) The Platform and any Approved Electronic Communications are provided "as is" and "as available". None of the Agents nor any of their respective officers, directors, employees, agents, advisors or representatives (the "Agent Affiliates") warrant the accuracy, adequacy or completeness of the Approved Electronic Communications or the Platform and each expressly disclaims liability for errors or omissions in the Platform and the Approved Electronic Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects is made by the Agent Affiliates in connection with the Platform or the Approved Electronic Communications. Each party hereto agrees that no Agent has any responsibility for maintaining or providing any equipment, software, services or any testing required in connection with any Approved Electronic Communication or otherwise required for the Platform. In no event shall any Agent nor any of the Agent Affiliates have any liability to any Loan Party, any Lender or any other Person for damages of any kind, whether or not based on strict liability and including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Loan Party's or any Agent's transmission of communications through the internet.
- (d) Each Loan Party, each Lender, each Issuing Lender and each Agent agrees that the Administrative Agent may, but shall not be obligated to, store any Approved Electronic Communications on the Platform in accordance with the Administrative Agent's customary document retention procedures and policies.
- (e) All uses of the Platform shall be governed by and subject to, in addition to this Section 15.2, separate terms and conditions posted or referenced in such Platform and related agreements executed by the Lenders and their Affiliates in connection with the use of such Platform.

15.3 Computations. All accounting terms not specifically or completely defined herein shall be construed in conformity with GAAP. No change in GAAP after the 2019 Restatement Effective Date will affect the computation of any financial ratio or requirement set forth in any Loan Document; provided that in the event of any such change that would affect such computations, either the Company or the Required Lenders may request that the Administrative Agent and the Company negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders and the Company); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Company shall provide to the Administrative Agent and the Lenders financial statements

and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

15.4 Costs and Expenses. The Company agrees to pay on written demand all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent (including Attorney Costs) in connection with the preparation, execution, syndication, delivery and administration (including the costs of Intralinks (or other similar service), if applicable) of this Agreement, the other Loan Documents and all other documents provided for herein or delivered or to be delivered hereunder or in connection herewith (including any amendment, supplement or waiver to any Loan Document), whether or not the transactions contemplated hereby or thereby shall be consummated, and all reasonable out-of-pocket costs and expenses (including Attorney Costs) incurred by the Administrative Agent and each Lender after an Event of Default in connection with the collection of the Obligations or the enforcement of this Agreement, the other Loan Documents or any such other documents or during any workout, restructuring or negotiations in respect thereof; provided that Attorney Costs shall be limited to the reasonable and documented out-of-pocket fees, disbursements and other charges of one counsel to the Administrative Agent and the Lenders (taken as a whole) or all indemnified parties (taken as a whole), as the case may be, and, if reasonably necessary, a single local counsel for the Administrative Agent and the Lenders (taken as a whole) or all indemnified parties (taken as a whole), as the case may be, in each relevant jurisdiction and with respect to each relevant specialty, and in the case of an actual or perceived conflict of interest, one additional counsel in each relevant jurisdiction to the affected indemnified parties similarly situated and taken as a whole). In addition, the Company agrees to pay, and to save the Administrative Agent and the Lenders harmless from all liability for, any fees of the Company's auditors in connection with any reasonable exercise by the Administrative Agent and the Lenders of their rights pursuant to Section 10.2.

15.5 Assignments; Participations.

15.5.1 Assignments. (a) Any Lender may at any time assign all or any portion of such Lender's Loans and Commitments (i) to any Person meeting the criteria of clause (i) of the definition of the term of "Eligible Assignee" upon the giving of notice to the Company and the Administrative Agent and upon such Person being consented to by each Issuing Lender (such consent not to be unreasonably withheld or delayed); and (ii) to any Person meeting the criteria of clause (ii) of the definition of the term of "Eligible Assignee" upon such Person (except in the case of assignments made by or to any Joint Bookrunner or any of its Affiliates) being consented to by each of the Company, the Administrative Agent, each Issuing Lender and the Swing Line Lender (such consents not to be (x) unreasonably withheld or delayed or (y) in the case of the Company, required at any time an Event of Default under clauses (a) or (g) of Section 13.1 has occurred and is continuing).

Any such assignment (other than to another Lender, an Affiliate of a Lender or an approved fund) shall be in an amount of an integral multiple of \$5,000,000 (or lesser amounts if agreed by the Company and the Administrative Agent) or, if less, the remaining Commitments and Loans held by the assigning Lender. The Company and the Administrative Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned to such Person (an "Assignee") until the Administrative Agent shall have received and accepted an effective assignment agreement in substantially the form of Exhibit C hereto (an "Assignment Agreement") executed, delivered and fully completed by the applicable parties thereto and a processing fee of \$3,500 (except that no such registration and processing fee shall be payable in the case of an assignee which is already a Lender or is an Affiliate of a Lender or a Person under common management with a Lender). Any attempted assignment not made in accordance with this Section 15.5.1 shall be treated as the sale of a participation under Section 15.5.2. The Company shall be deemed to have granted its consent to any assignment requiring its consent hereunder unless the Company has expressly objected to such assignment within five Business Days after notice thereof.

(a) From and after the date on which the conditions described above have been met (such date, the "Assignment Date"), (i) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned to such Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder and (ii) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights (other than its indemnification rights) and obligations hereunder. Upon the request of the Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, the Company shall execute and deliver to the Administrative Agent for delivery to the Assignee (and, as

applicable, the assigning Lender) a Note in the principal amount of the Assignee's Pro Rata Share of the Commitment (and, as applicable, a Note in the principal amount of the Pro Rata Share of the Commitment retained by the assigning Lender). Each such Note shall be dated the effective date of such assignment. Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to the Company any prior Note held by it.

- (b) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 15.5.1 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

15.5.2 Participations. Any Lender may at any time sell to one or more Persons (other than a natural Person, a Loan Party or an Affiliate of a Loan Party) participating interests in its Loans, Commitments or other interests hereunder (any such Person, a "Participant"). In the event of a sale by a Lender of a participating interest to a Participant, (a) such Lender's obligations hereunder shall remain unchanged for all purposes, (b) the Company and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder and (c) all amounts payable by the Company shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. No Participant shall have any direct or indirect voting rights hereunder except with respect to any event described in Section 15.1 expressly requiring the unanimous vote of all Lenders or, as applicable, all affected Lenders. The Company agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and with respect to any Letter of Credit to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; provided that such right of set-off shall be subject to the obligation of each Participant to share with the Lenders, and the Lenders agree to share with each Participant, as provided in Section 7.5. The Company also agrees that each Participant shall be entitled to the benefits of Section 7.6 or Section 8 as if it were a Lender (provided that on the date of the sale of participation no Participant shall be entitled to any greater compensation pursuant to Section 7.6 or Section 8 than would have been paid to the participating Lender on such date if no participation had been sold and that each Participant complies with Section 7.6(d) as if it were an Assignee). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as the Administrative Agent) shall have no responsibility for maintaining a Participant Register.

15.5.3 Resignation as Issuing Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time any Issuing Lender assigns all of its Commitment (excluding its commitment to issue Letters of Credit) and Loans pursuant to Section 15.5.1, the applicable Issuing Lender may, upon 30 days' prior written notice to the Company and the Administrative Agent, resign as Issuing Lender. In such event, the Company shall be entitled to appoint a Lender who agrees to be a successor Issuing Lender hereunder. If an Issuing Lender ceases to be an Issuing Lender pursuant to this Section 15.5.3, it shall retain all the rights, powers, privileges and duties of an Issuing Lender hereunder with respect to all Letters of Credit outstanding as of the effective date of such Issuing Lender's resignation and all L/C Exposure with respect thereto (including the right to require the Lenders to make Base Rate Loans pursuant to Section 2.3.2 and to fund participations in unreimbursed disbursements under Letters of Credit pursuant to Section 2.3.4).

15.6 Register. The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain at its Principal Office a copy of each Assignment Agreement delivered and accepted by it and register (the "Register") for the recordation of names and addresses of the Lenders and the Commitment of, and principal amounts (and related interest amounts) owing to, each Lender from time to time and whether such Lender is the original Lender or the Assignee. No assignment shall be effective unless and until the Assignment Agreement is accepted and registered in the Register. All records of transfer of a Lender's interest in the Register shall be conclusive, absent manifest error, as to the ownership of the interests in the Loans. The Administrative Agent shall not incur any liability of any kind with respect to any Lender with respect to the maintenance of the Register. The Register shall be available for inspection by the Company or any Lender (with respect to any entry relating to such Lender's Loans) at any reasonable time and from time to time upon reasonable prior notice.

15.7 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF NEW YORK.

15.8 Confidentiality. As required by federal law and the Administrative Agent's policies and practices, the Administrative Agent may need to obtain, verify, and record certain customer identification information and documentation in connection with opening or maintaining accounts, or establishing or continuing to provide services. The Administrative Agent and each Lender (which term shall, for the purposes of this Section 15.8, include each Issuing Lender) agree to maintain, using efforts the Administrative Agent or such Lender applies to maintain the confidentiality of its own confidential information, as confidential all information provided to them by any Loan Party, except that the Administrative Agent and each Lender may disclose such information (a) to its Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of the Administrative Agent, such Lender or such Affiliate on a "need to know" basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to any assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this Section 15.8 (and any such assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in clause (a) above); (c) as required or requested by any federal or state regulatory authority or examiner, or any insurance industry association, or as reasonably believed by the Administrative Agent or such Lender to be compelled by any court decree, subpoena or legal or administrative order or process; (d) as, on the advice of the Administrative Agent's or such Lender's counsel, is required by Law; (e) in connection with the exercise of any right or remedy under the Loan Documents or in connection with any litigation to which the Administrative Agent or such Lender is a party; (f) to any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender; (g) to any Affiliate of the Administrative Agent or each Issuing Lender (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (h) on a confidential basis to (i) any rating agency in connection with rating the Company or its Subsidiaries or the facilities provided for in this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the facilities provided for in this Agreement; or (i) that ceases to be confidential through no fault of the Administrative Agent or any Lender or any of their Affiliates. Notwithstanding the foregoing, the Company consents to the publication by the Administrative Agent or any Lender of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement, and the Administrative Agent reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements.

15.9 Severability. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of the Company and rights of the Administrative Agent and the Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable Law.

15.10 Nature of Remedies. All Obligations of the Company and rights of the Administrative Agent and the Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable Law. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise

of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

15.11 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof (except as relates to the fees described in Section 5.3 and any prior arrangements made with respect to the payment by the Company of (or any indemnification for) any fees, costs or expenses payable to or incurred (or to be incurred) by or on behalf of the Administrative Agent or the Lenders).

15.12 [Reserved].

15.13 Successors and Assigns. This Agreement shall be binding upon the Company, the Lenders and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of the Company, the Lenders and the Administrative Agent and the successors and assigns of the Lenders and the Administrative Agent. No other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. The Company may not assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of the Administrative Agent and each Lender (and any purported assignment or transfer without such consents shall be null and void).

15.14 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

15.15 Customer Identification – USA Patriot Act Notice. Each Lender and Wells Fargo Bank, National Association (for itself and not on behalf of any other party), hereby notifies the Loan Parties that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 10756, signed into law October 26, 2001 (the “Act”), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or Wells Fargo Bank, National Association, as applicable, to identify the Loan Parties in accordance with the Act.

15.16 Indemnification by the Company. IN CONSIDERATION OF THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE ADMINISTRATIVE AGENT, EACH ISSUING LENDER AND THE LENDERS AND THE AGREEMENT TO EXTEND THE COMMITMENTS PROVIDED HEREUNDER, THE COMPANY HEREBY AGREES TO INDEMNIFY, EXONERATE AND HOLD THE ADMINISTRATIVE AGENT, EACH JOINT LEAD ARRANGER, EACH ISSUING LENDER, EACH LENDER AND EACH OF THE OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES AND AGENTS OF THE ADMINISTRATIVE AGENT, EACH JOINT LEAD ARRANGER, EACH ISSUING LENDER, AND EACH LENDER (EACH A “LENDER PARTY”) FREE AND HARMLESS FROM AND AGAINST ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, LOSSES, LIABILITIES, PENALTIES, DAMAGES AND EXPENSES INCURRED BY ANY LENDER PARTY OR ASSERTED AGAINST ANY LENDER PARTY BY ANY PERSON (INCLUDING THE COMPANY OR ANY OTHER LOAN PARTY), INCLUDING ATTORNEY COSTS (LIMITED TO ONE COUNSEL IN EACH APPLICABLE JURISDICTION AND WITH RESPECT TO EACH RELEVANT SPECIALTY AND, IN THE CASE OF AN ACTUAL OR PERCEIVED CONFLICT OF INTEREST, ONE ADDITIONAL COUNSEL IN EACH RELEVANT JURISDICTION TO EACH AFFECTED LENDER PARTY SIMILARLY SITUATED) (COLLECTIVELY, THE “INDEMNIFIED LIABILITIES”), AS A RESULT OF, OR ARISING OUT OF, OR RELATING TO (A) ANY TENDER OFFER, MERGER, PURCHASE OF CAPITAL SECURITIES, PURCHASE OF ASSETS OR OTHER SIMILAR TRANSACTION FINANCED OR PROPOSED TO BE FINANCED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, WITH THE PROCEEDS OF ANY OF THE LOANS, OR ANY REFINANCING, (B) THE USE, HANDLING, RELEASE, THREATENED RELEASE, EMISSION, DISCHARGE, TRANSPORTATION, STORAGE, TREATMENT OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE AT ANY PROPERTY OWNED OR LEASED BY THE COMPANY OR ANY OF ITS SUBSIDIARIES OR UNRESTRICTED SUBSIDIARIES, (C) ANY VIOLATION OF ANY ENVIRONMENTAL LAWS BY ANY LOAN PARTY OR UNRESTRICTED SUBSIDIARY WITH RESPECT TO CONDITIONS AT ANY PROPERTY OWNED OR LEASED BY THE COMPANY OR ANY OF ITS SUBSIDIARIES OR UNRESTRICTED SUBSIDIARIES OR THE OPERATIONS CONDUCTED THEREON, (D) THE INVESTIGATION, CLEANUP OR REMEDIATION OF OFFSITE LOCATIONS AT WHICH THE COMPANY OR ANY OF ITS SUBSIDIARIES OR UNRESTRICTED SUBSIDIARIES OR THEIR RESPECTIVE PREDECESSORS ARE ALLEGED TO HAVE DIRECTLY OR INDIRECTLY DISPOSED OF HAZARDOUS SUBSTANCES, (E) ANY OTHER ENVIRONMENTAL CLAIM

RELATING TO THE COMPANY OR ANY OF ITS SUBSIDIARIES OR UNRESTRICTED SUBSIDIARIES OR (F) THE EXECUTION, DELIVERY, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT BY ANY OF THE LENDER PARTIES, EXCEPT FOR ANY SUCH INDEMNIFIED LIABILITIES ARISING ON ACCOUNT OF (I) THE APPLICABLE LENDER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS DETERMINED BY A FINAL, NONAPPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION OR (II) ANY DISPUTE SOLELY AMONG THE LENDER PARTIES NOT ARISING OUT OF ANY ACT OR OMISSION BY THE COMPANY OR ANY OF ITS AFFILIATES (OTHER THAN A JOINT LEAD ARRANGER OR AN AGENT ACTING IN THEIR CAPACITIES AS SUCH). IF AND TO THE EXTENT THAT THE FOREGOING UNDERTAKING MAY BE UNENFORCEABLE FOR ANY REASON, THE COMPANY HEREBY AGREES TO MAKE THE MAXIMUM CONTRIBUTION TO THE PAYMENT AND SATISFACTION OF EACH OF THE INDEMNIFIED LIABILITIES WHICH IS PERMISSIBLE UNDER APPLICABLE LAW.

15.17 Nonliability of Lenders. The relationship between the Company on the one hand and the Lenders and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Company or any of its subsidiaries arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Loan Parties, on the one hand, and the Administrative Agent and the Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor. Neither the Administrative Agent nor any Lender undertakes any responsibility to the Company or any of its subsidiaries to review or inform the Company or any of its subsidiaries of any matter in connection with any phase of the Company or any of its subsidiaries' business or operations. The Company agrees, on behalf of itself and each of its subsidiaries, that neither the Administrative Agent nor any Lender shall have liability to the Company or any of its subsidiaries (whether sounding in tort, contract or otherwise) for losses suffered by the Company or any of its subsidiaries in connection with, arising out of, or in any way related to the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. The Administrative Agent, the Lenders and their respective Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of the Company and its Affiliates, and neither the Administrative Agent nor any Lender has any obligation to disclose any of such interests to the Company or its Affiliates. **NO PARTY HERETO SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM THE USE BY OTHERS OF ANY INFORMATION OR OTHER MATERIALS OBTAINED THROUGH INTRALINKS OR OTHER SIMILAR INFORMATION TRANSMISSION SYSTEMS IN CONNECTION WITH THIS AGREEMENT, NOR SHALL ANY PARTY HERETO HAVE ANY LIABILITY WITH RESPECT TO, AND EACH PARTY (AND THE COMPANY ON BEHALF OF ITSELF AND EACH OTHER LOAN PARTY), HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ARISING OUT OF ITS ACTIVITIES IN CONNECTION HEREWITH OR THEREWITH (WHETHER BEFORE OR AFTER THE 2019 RESTATEMENT EFFECTIVE DATE); PROVIDED THE FOREGOING SHALL NOT LIMIT THE COMPANY'S INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 15.16.** The Company acknowledges that it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party. No joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Company or any of its subsidiaries and the Lenders.

15.18 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; **PROVIDED** THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE ADMINISTRATIVE AGENT FROM ENFORCING A JUDGMENT IN ANY OTHER JURISDICTION. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PARTY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH



LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

15.19 Waiver of Jury Trial. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT, EACH JOINT LEAD ARRANGER AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

15.20 Statutory Notice-Oral Commitments. Nothing contained in the following notice shall be deemed to limit or modify the terms of this Agreement and the other Loan Documents:

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT THE COMPANY AND EACH OTHER LOAN PARTY (BORROWER) AND THE ADMINISTRATIVE AGENT AND THE LENDERS (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS THE COMPANY AND THE ADMINISTRATIVE AGENT AND THE LENDERS REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

The Company acknowledges that there are no other agreements between the Administrative Agent, Lenders, the Company and the other Loan Parties, oral or written, concerning the subject matter of the Loan Documents, and that all prior agreements concerning the same subject matter, including any proposal or commitment letter, are merged into the Loan Documents and thereby extinguished.

15.21 Survival of Representation, Warranties and Agreements. All representations, warranties and agreements made herein shall survive the execution and delivery hereof of the making of any Loan or the issuance or renewal of any Letter of Credit. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Loan Party set forth in Sections 8.1, 15.4 and 15.16 and the agreements of the Lenders set forth in Sections 7.5, 14.3.2, 14.6 and 14.9 shall survive repayment of the Obligations, cancellation of any Notes, expiration or termination of the Letters of Credit and the reimbursement of any amounts drawn thereunder and termination of this Agreement.

15.22 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent, a Lender or an Issuing Lender, as applicable, could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Company in respect of any such sum due from it to the Administrative Agent or any Lender or Issuing Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender or Issuing Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender or Issuing Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender or Issuing Lender from the Company in the Agreement Currency, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender or Issuing Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender or Issuing Lender in such currency, the Administrative Agent or such Lender or Issuing Lender, as the case may be, agrees to return the amount of any excess to the Company.

15.23 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties hereto, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document,

to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.
- (c) The following terms shall for purposes of this Section have the meanings set forth below:

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

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

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any member state of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

15.24 Certain ERISA Matters.

- (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Joint Lead Arranger

and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

- (i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit or the Commitments;
  - (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;
  - (iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or
  - (iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.
- (b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Joint Lead Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that none of the Administrative Agent, the Joint Lead Arrangers and their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

15.25 Acknowledgment Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

- (a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would

be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 15.25, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

## CERTIFICATION

I, Michael F. Neidorff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Centene Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 22, 2019

/s/ MICHAEL F. NEIDORFF  
Chairman, President and Chief Executive Officer  
*(principal executive officer)*

## CERTIFICATION

I, Jeffrey A. Schwaneke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Centene Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 22, 2019

/s/ JEFFREY A. SCHWANEKE  
Executive Vice President and Chief Financial Officer  
*(principal financial officer)*

**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 on Form 10-Q of Centene Corporation (the Company) for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Michael F. Neidorff, Chairman and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, 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.

Dated: October 22, 2019

/s/ MICHAEL F. NEIDORFF  
Chairman, President and Chief Executive Officer  
*(principal executive officer)*

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**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 on Form 10-Q of Centene Corporation (the Company) for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Jeffrey A. Schwaneke, Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, 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.

Dated: October 22, 2019

/s/ JEFFREY A. SCHWANEKE  
Executive Vice President and Chief Financial Officer  
*(principal financial officer)*

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